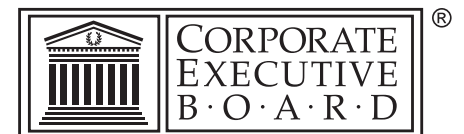


CORPORATE LEADERSHIP COUNCIL®

BUILDING NEXT-GENERATION HR—LINE PARTNERSHIPS

Optimizing HR Business Partner Role and Capability Investments



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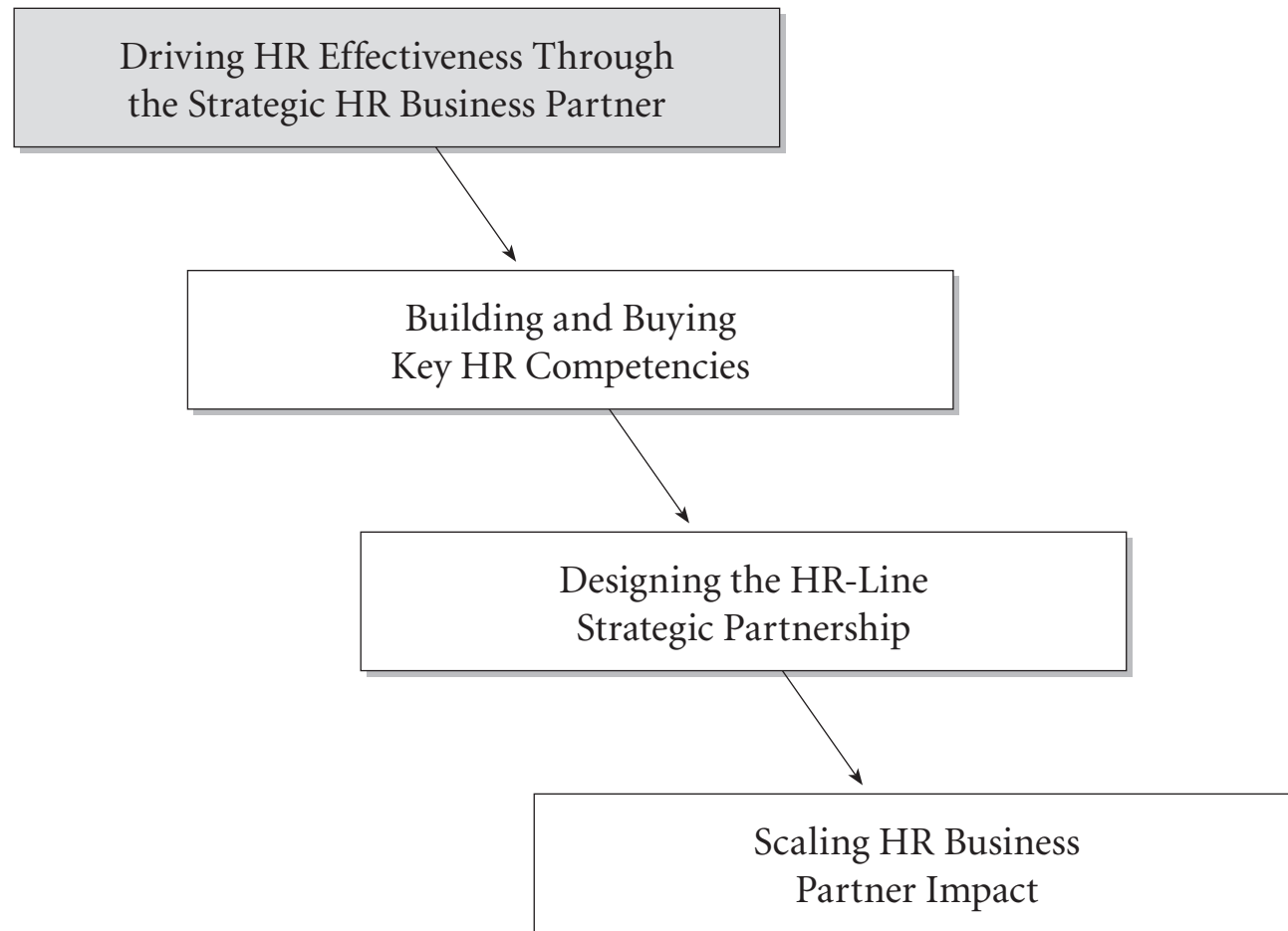
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ROAD MAP FOR THE DISCUSSION



CHROs LOOKING TO INCREASE HR FUNCTIONAL EFFECTIVENESS

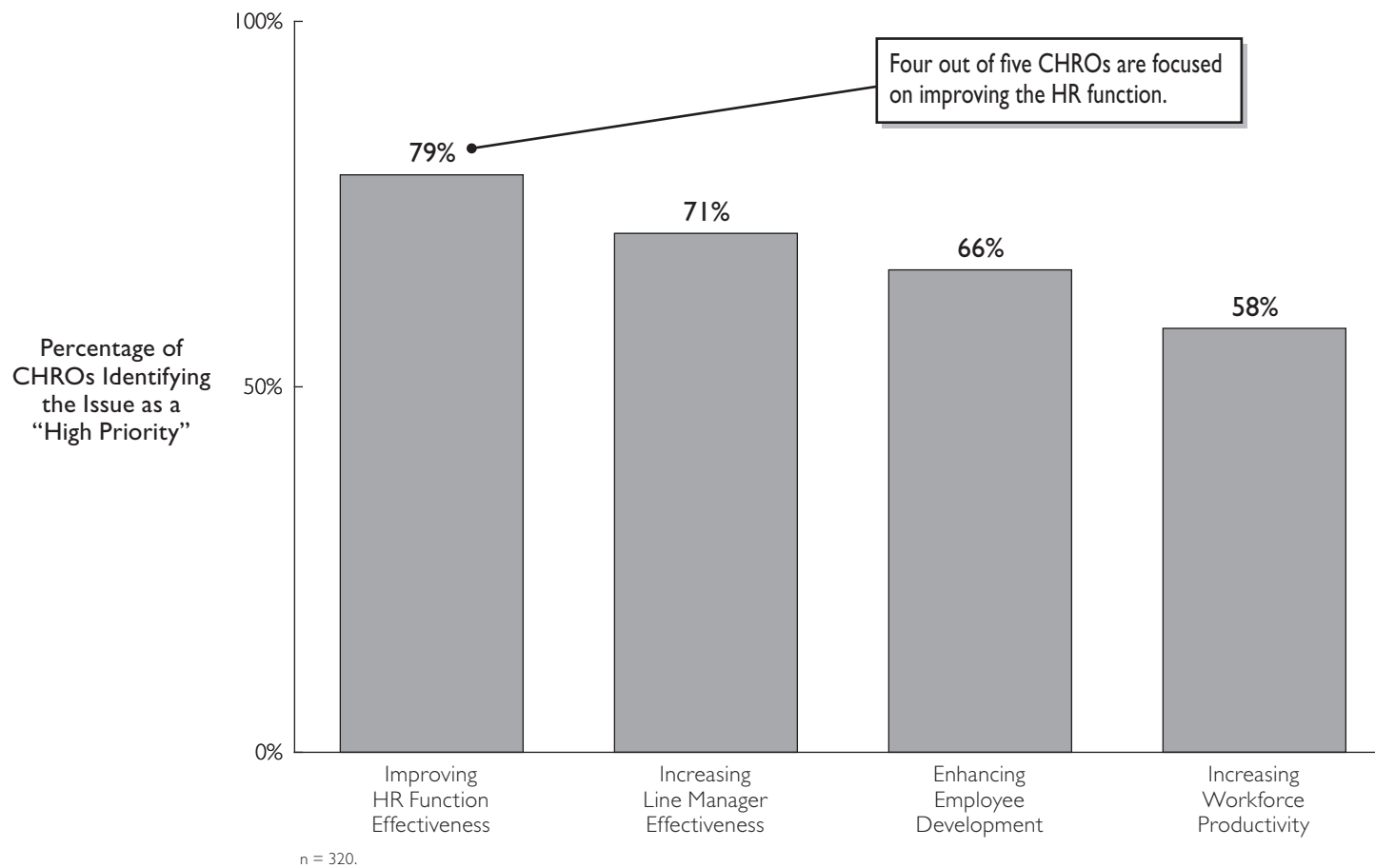
- ☞ Heads of HR are looking to improve the effectiveness of their functions as the means to deliver business results while minimizing HR costs.
- ☞ This emphasis is reflected in CHROs current priorities. Of note, “Improving HR Function Effectiveness,” was the number-one goal cited by CHROs in the Council’s membership poll*.

CHROs ARE FOCUSING ON IMPROVING THE EFFECTIVENESS OF THE HR FUNCTION

CHROs cite improving HR functional effectiveness as their top priority

Chief Human Resources Officers' Top Priorities

2007 Council Agenda Poll






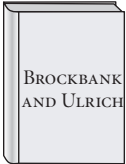
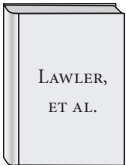
Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey 2007; Corporate Leadership Council research.

THE CONTRIBUTION OF PAST RESEARCH TO IDENTIFYING HR'S BUSINESS IMPACT

- ☞ Key research published over the past 12 years clearly reflects the imperative to help HR bridge the capability gap between HR functional effectiveness and business impact.
- ☞ The emerging theme is that HR has a clear impact on business outcomes through: improving employee performance and managing talent, outsourcing nonessential activities, and demonstrating specific competencies.
- ☞ However, these initial insights leave an important question unanswered: How should HR partner with the business to deliver on the organization's agenda?

AT A WAY STATION ON THE JOURNEY

While significant strides have been made in identifying the impact of HR, a critical question remains

	Previous Research*	Key Insight	Key Conclusions
1995	 Corporate Leadership Council <i>Vision of the Future</i>	Finds that HR drives business outcomes when HR accountability and expertise is pushed out to the line. Provides a vision for a more strategic, higher-impact HR function.	<ul style="list-style-type: none"> • Effective management of talent outcomes improves business performance. • HR functions most effectively drive business results when working with the line to improve talent outcomes.
1995	 Huselid <i>The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance</i>	Finds that one standard deviation increase in HR's use of 13 high-performance practices is correlated with a nearly \$4,000 increase in profit per FTE.	
1999	 Watson Wyatt <i>Human Capital Index Study</i>	Finds that 49 HR practices grouped into six categories (clear rewards and accountability; recruiting and retention excellence; collegial, flexible workplace; communications integrity; prudent use of resources; and focused HR technology) are correlated with an increase of total shareholder return.	
2002	 Brockbank and Ulrich <i>The New HR Agenda</i>	Identifies the five groups of competencies that drive business outcomes, and which business skills have the greatest impact on business performance.	
2006	 Lawler, et al. <i>Achieving Strategic Excellence</i>	Finds that HR departments that focus more on strategic activities are correlated with greater business outcomes.	
			<u>Unanswered Questions</u> <ul style="list-style-type: none"> • What structures enable stronger line partnership? • How should HR staff partner with the business to deliver on the organization's agenda? • What skill sets enable strong HR-line partnership?

* For a full summary of these results, please see Appendix.

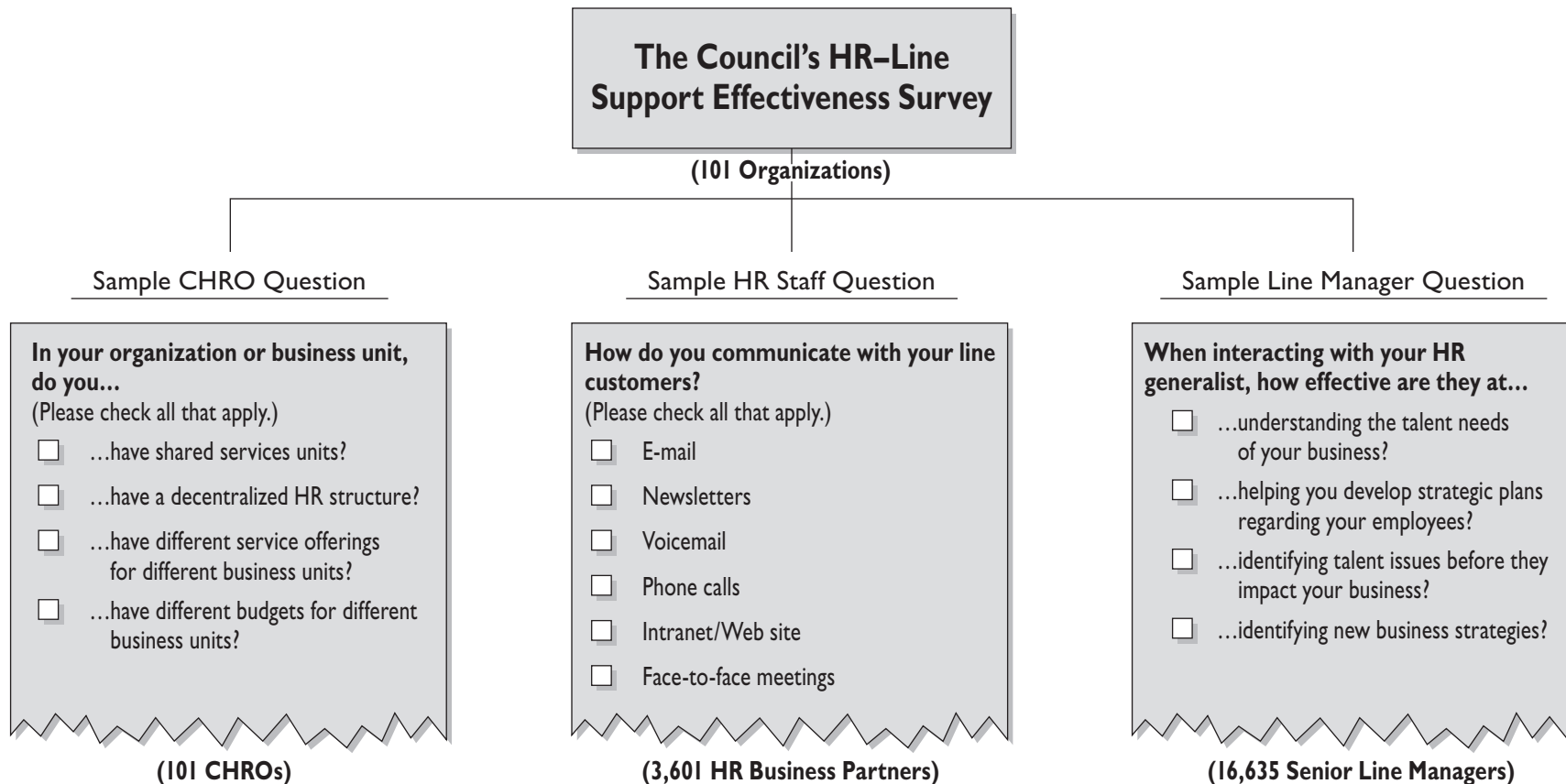
Source: Corporate Leadership Council, *Vision of the Future*, Washington, D.C.: Corporate Executive Board (2000); Huselid, Mark, "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance", *Academy of Management Journal*, 38(3), 635-672 (1995); Brockbank, W., and Ulrich, D., *The New HR Agenda: 2002 HRCS Executive Summary*, University of Michigan Business School, Ann Arbor, Mich. (2002); Lawler, Boudreau, and Mohrman, *Achieving Strategic Excellence: An Assessment of Human Resources Organizations*, Stanford, Calif.: Stanford Business Books (2006); Watson Wyatt, *Human Capital Index: Linking Human Capital and Shareholder Value* (1999); Corporate Leadership Council research.

A THREE-FOLD SURVEY

- ☞ The Corporate Leadership Council launched the HR Performance and Capabilities Survey, which comprised three surveys given to separate populations within each of the 101 organizations participating in the survey.
- ☞ The first survey went to Chief Human Resource Officers and assessed items such as HR structure, staffing, and ownership for different talent management processes.
- ☞ The second survey went to HR staff who work with line managers within each organization and assessed items such as backgrounds, experiences, and methods of interacting with their clients.
- ☞ The third survey went to line managers and assessed items such as their satisfaction with different HR services, skill assessments of their HR business partners, and several batteries of outcomes variables used within this study (see the appendix for more details).

BENCHMARKING THE HR–LINE PARTNERSHIP

The Council surveyed CHROs, business partners, and line managers to create a multifaceted view of the HR function



Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

OUR SINCERE APPRECIATION

More than 16,000 line managers and 3,700 HR employees from 101 organizations participated in this year's survey

Partial List of Participating Organizations



OUR SINCERE APPRECIATION (CONTINUED)

Partial List of Participating Organizations



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

UNDERSTANDING THE DRIVERS OF HR FUNCTION EFFECTIVENESS

To measure overall HR function effectiveness, CLC aggregated line managers' responses to the following questions:

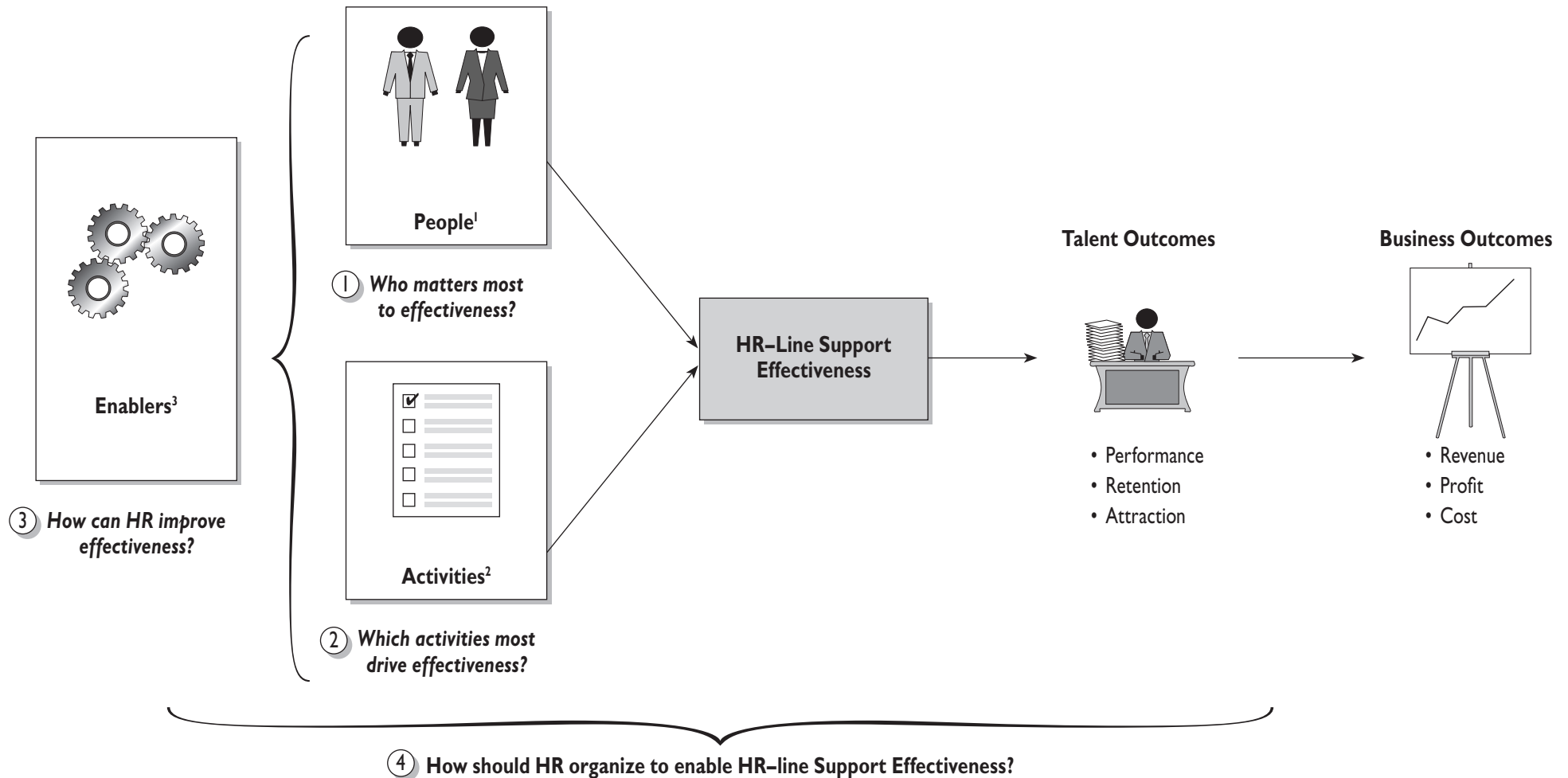
How effective is your HR department at...

- | | |
|---|---|
| <i>...attracting the best quality employees?</i> | <i>...building a diverse workforce?</i> |
| <i>...developing your current employees?</i> | <i>...resolving employee conflicts?</i> |
| <i>...improving the engagement of current employees?</i> | <i>...ensuring a safe work environment?</i> |
| <i>...performance management?</i> | <i>...ensuring legal compliance?</i> |
| <i>...determining who to promote?</i> | <i>...employee relations?</i> |
| <i>...transferring employees within your business unit?</i> | <i>...implementing "center-led" HR programs?</i> |
| <i>...transferring employees across the organization?</i> | <i>...managing the business?</i> |
| <i>...retaining current employees?</i> | <i>...managing culture?</i> |
| <i>...training and development?</i> | <i>...managing change?</i> |
| <i>...benefits administration?</i> | <i>...managing organizational design changes?</i> |
| <i>...compensation strategy?</i> | <i>...workforce planning?</i> |
| <i>...managing payroll?</i> | |

THE SCOPE OF OUR INQUIRY

How should HR partner with the line to deliver on the organization's objectives?

The Corporate Leadership Council HR-Line Effectiveness Model



¹ "People": The teams of Shared Services, centers of expertise, and HR business partners that work with line customers.

² "Activities": The specific things that people in HR do when interacting with the line.

³ "Enablers": The HR investments that improve the people within HR or the activities they engage in (e.g., development, job redesign).

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

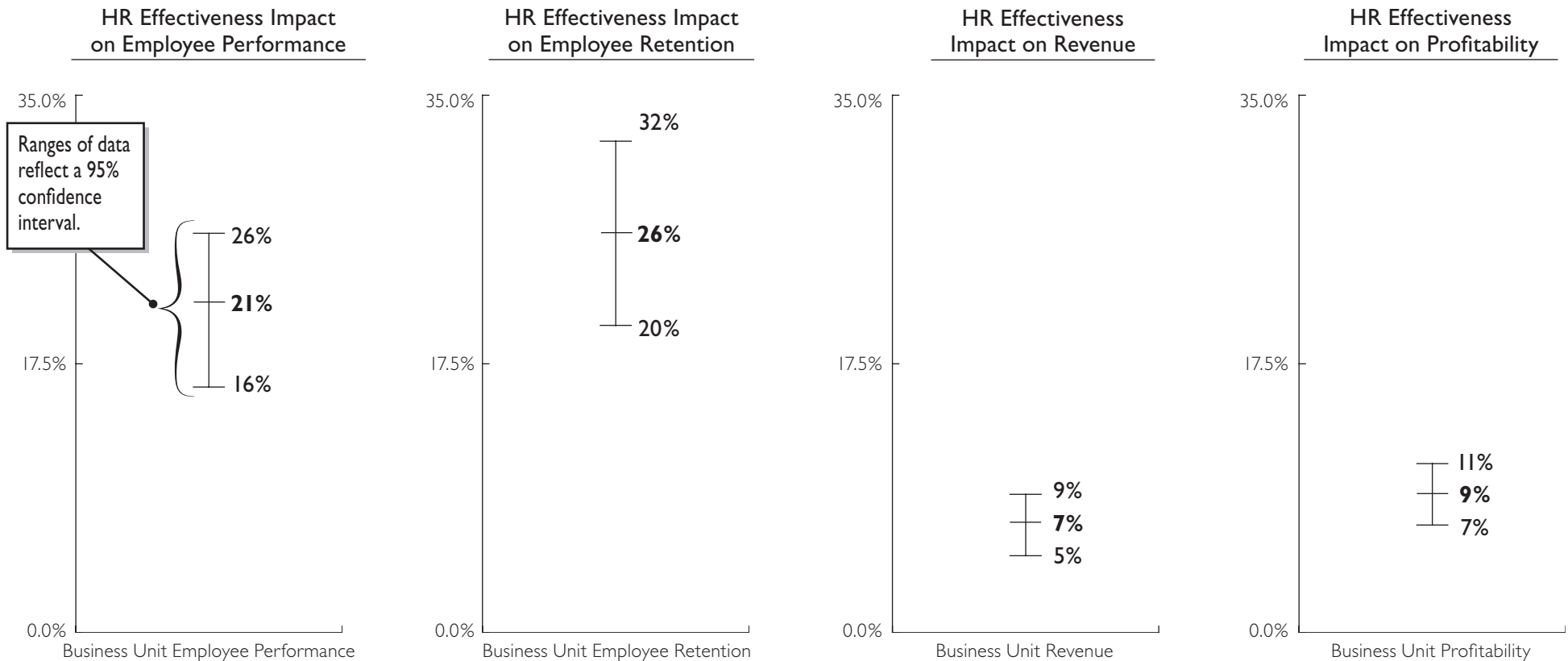
DETERMINING THE IMPACT OF HR EFFECTIVENESS ON BUSINESS AND TALENT OUTCOMES

CLC employs three advanced statistical techniques to verify the causal relationship between HR effectiveness and business and talent outcomes

Approach	Description	Implication
Validate Manager Data against Organization Data	In addition to collecting data from the manager about talent and business outcomes of their business units, for a subset of organizations, CLC separately collected business unit and performance data from the organization.	Comparing manager self-reported data and additional data collected from the organization indicates that managers accurately replied to questions about business and talent outcomes.
Compare HR effectiveness to the effectiveness of other support functions	In addition to collecting data on HR effectiveness, line managers were also asked about the effectiveness of other support functions (e.g., IT, finance). If significant reverse causality existed there would be a strong correlation between the effectiveness of different support functions.	Comparing correlation coefficients between effectiveness of HR and effectiveness of other support functions reveals a very weak relationship (e.g., the correlation between effectiveness of HR and effectiveness of IT = .10). Because of the relatively weak relationship, it is reasonable to assume that there is a limited amount of reverse causality that exists.
Use statistical techniques to control for any potential “reverse causality”	Instrumental Variables (IV) and two-stage least squares regression (2SLS) are methods for extending regression models to cover models which potentially violate ordinary least squares (OLS) regression’s assumption of recursivity. Specifically, this technique is used in models where the researcher may assume that the disturbance term of the dependent variable is correlated with the cause(s) of the independent variable(s). For more information, see Greene, Econometric Analysis, 1993.	To estimate the effect of HR effectiveness on business and talent outcomes, CLC used a variety of factors to predict HR effectiveness that are uncorrelated with talent and business outcomes. Then using the predicted HR effectiveness outcome, CLC is able to determine the effect of HR effectiveness on talent and business outcomes to generate an unbiased estimate of the impact of improved HR effectiveness on talent and business outcomes.

EFFECTIVE HR—LINE SUPPORT DRIVES TALENT AND BUSINESS OUTCOMES

When business units receive effective support from HR, business unit revenue and profits increase



DO THE MATH

For a business unit with US\$100 million in revenue, effective HR support translates to an increase in revenue of US\$7 million.

Note: The impact on performance and retention measures the shift in distribution of the aggregate employee population. The impact on revenue and profitability is a measure of how revenue and profitability outcomes relate to predefined goals for each of the line managers surveyed. It represents a statistical estimate of the maximum total impact on the outcome by comparing two statistical estimates: the predicted maximum impact when an HR function scores very effective compared with an HR function that scores ineffective. The effects are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR—Line Support Effectiveness Survey; Corporate Leadership Council research.

THE VOICE OF THE CUSTOMER

- ☞ The facing page provides three reasons that CHROs should view the line's evaluation of HR Effectiveness as the leading indicator of overall HR Effectiveness.
- ☞ The first two reasons are more apparent—as the line co-owns talent and business outcomes and has a direct mandate to focus on activities that drive the business, they are well-positioned to understand the day-to-day talent and business activities that drive results.
- ☞ The most important reason to listen to line managers, however, is that line evaluation of HR Effectiveness is strongly correlated with the talent and business outcomes that most CHROs care about, which include employee performance and retention outcomes, and key indicators of business performance.

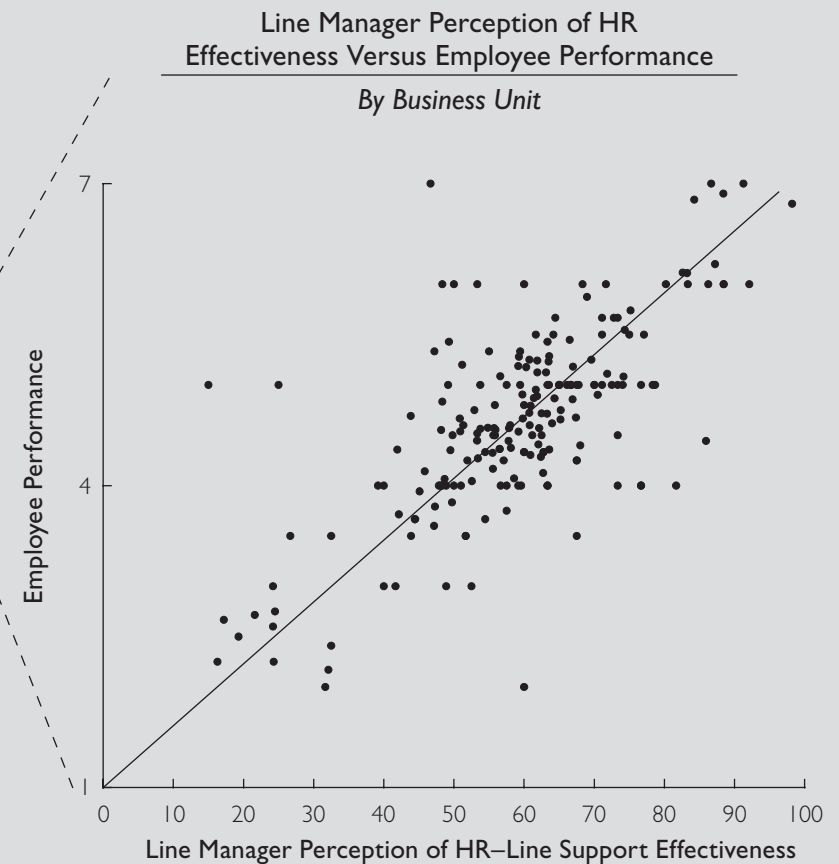
LINE MANAGER EVALUATION RELIABLY REFLECTS HR–LINE EFFECTIVENESS

While there are several potential sources of information about HR–line support effectiveness, the line provides a critical voice

Key Reasons for Relying on Line Manager Evaluations

- ① The line co-owns the talent and business outcomes of the organization.
- ② HR needs to focus on the customer.
- ③ Data indicates that line managers are an effective measure.

		Correlation Between Line Manager Evaluation of HR Effectiveness and Outcomes*
Talent Outcomes	Employee Performance	0.73
	Employee Retention	0.68
	Employee Attraction	0.57
Business Outcomes	Business Unit Revenue	0.38
	Business Unit Profitability	0.28
	Business Unit Costs	0.26



* The numbers are Pearson correlation coefficients, which may range from -1 to 1. A 1 indicates that two variables are perfectly positively correlated, and a 0 indicates no correlation between the variables.

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

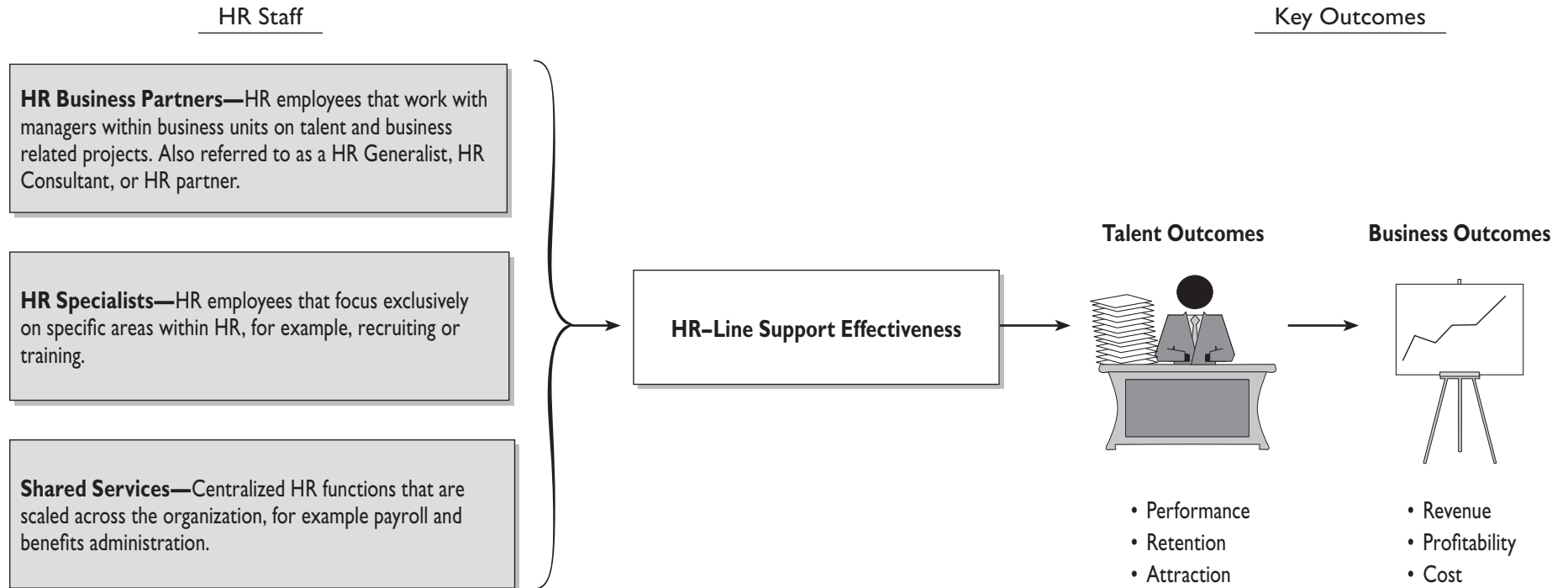
THE IMPACT OF HR–LINE SUPPORT EFFECTIVENESS ON TALENT OUTCOMES

- ☞ The first question in the CLC HR–Line Effectiveness model: “Who matters to effectiveness?”
- ☞ CLC examines three distinct groups within HR: HR Business Partners, HR Specialists, and Shared Services.

WHO MATTERS MOST TO HR-LINE SUPPORT EFFECTIVENESS?

CLC examines which HR constituencies are most important to the effectiveness of HR-Line support...

...and how they impact key outcomes



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

LINE PERCEPTION OF HR AND HR TEAMS

- ☞ Insight into the line's current perception of HR reveals significant room for improvement, as only 33% of line managers feel HR is effective.
- ☞ In addition, when asked about the effectiveness of groups within HR, line managers report the greatest dissatisfaction with the individuals within HR they work with most—HR Business Partners and HR Specialists.

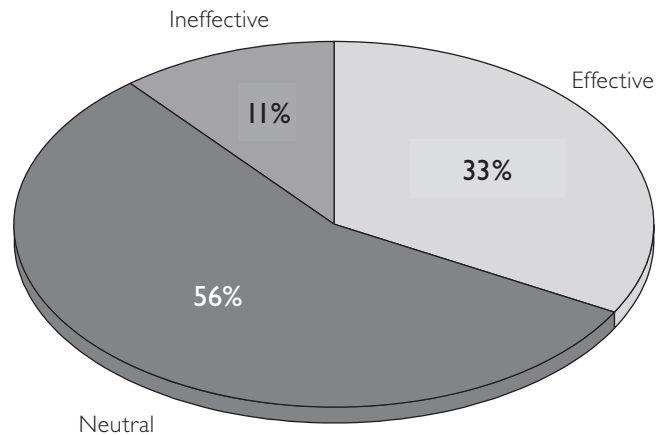
FEW LINE MANAGERS JUDGE HR AS EFFECTIVE

**Line managers report
poor perceptions of HR...**

**...especially of business
partners and specialists**

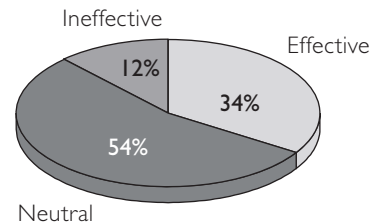
How Effective Is Your HR Function?

Line Manager Responses



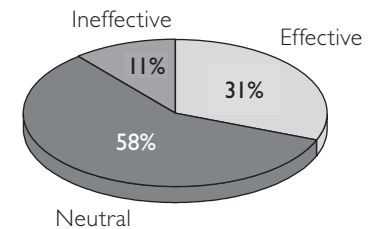
How Effective Is Your HRBP*?

Line Manager Responses



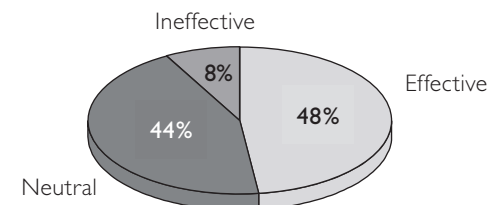
How Effective Are
Your HR Specialists?

Line Manager Responses



How Effective Are Your Shared Services Centers?

Line Manager Responses



Note: Findings were consistent across all segments of the survey population.

* HR business partners are defined as the HR employees who have direct interaction with business leaders in the organization. They are sometimes called HR generalists, consultants, or HR leaders.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

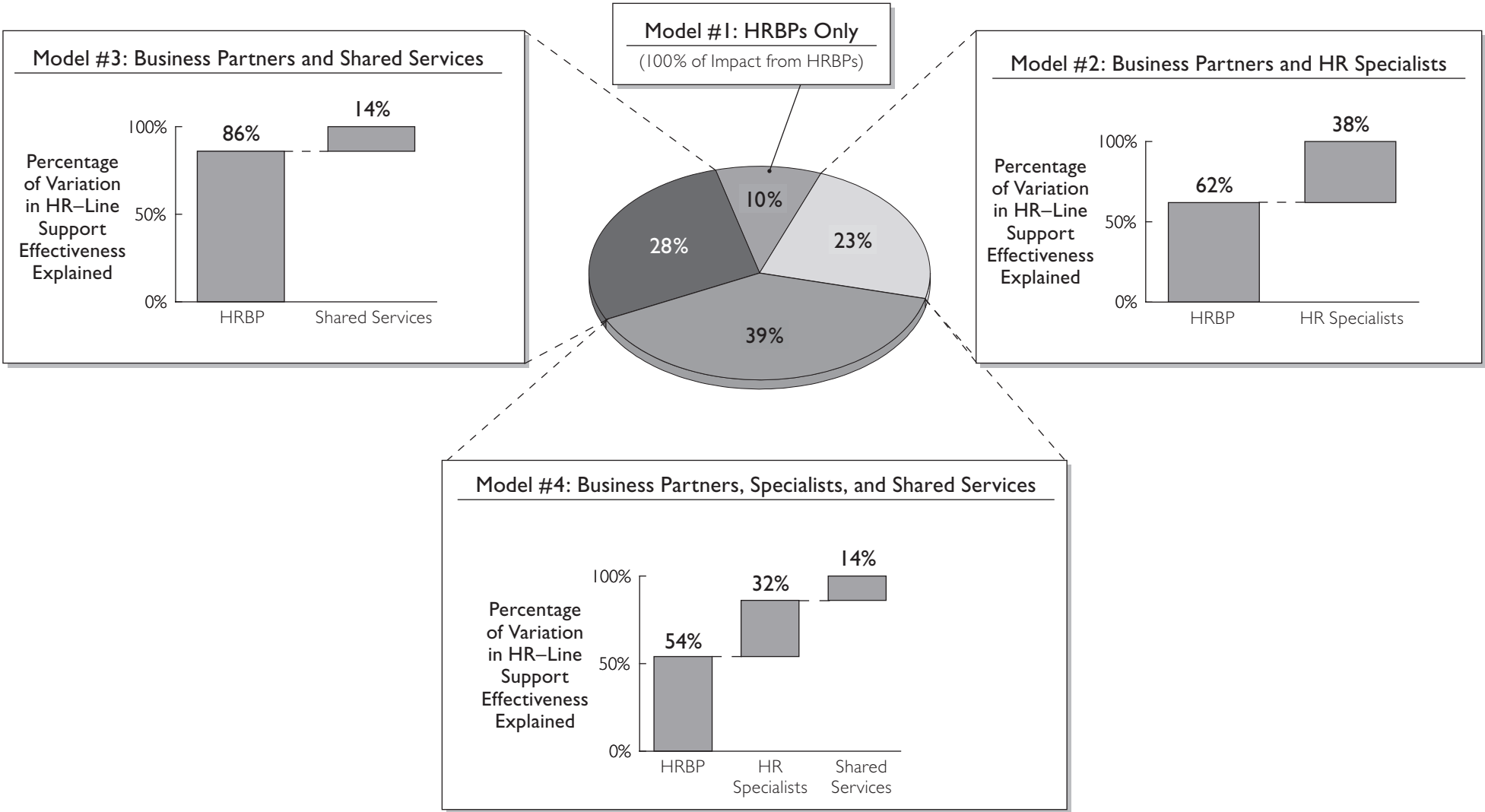
THE IMPORTANCE OF THE HR BUSINESS PARTNER TO HR–LINE SUPPORT EFFECTIVENESS

- ☞ The line's dissatisfaction is especially acute because further analysis reveals that HR Business Partners have the greatest impact on the variation in the effectiveness of HR across all HR structures.
- ☞ The Council identified and examined four HR structures and determined that the HRBP explained the most variation in HR–Line Support Effectiveness in each case.

HRBPs MATTER MOST TO HR-LINE SUPPORT EFFECTIVENESS

HRBP performance is the biggest driver of HR-line support effectiveness regardless of service-delivery model

Percentage of Organizations with a Given HR Structure



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

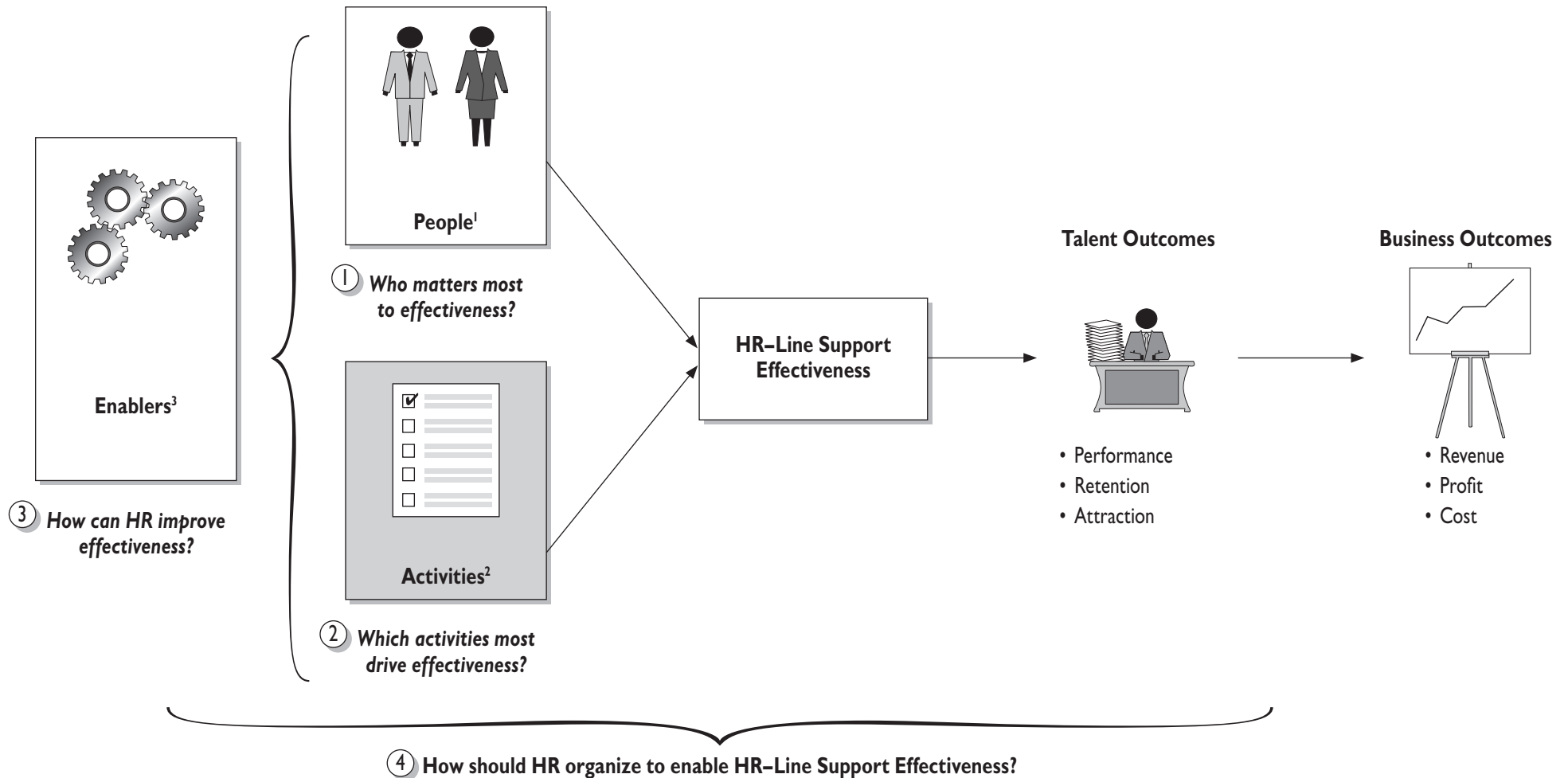
THE IMPACT OF HR–LINE SUPPORT EFFECTIVENESS ON TALENT OUTCOMES

- ☞ The second question in the CLC HR–Line effectiveness model: “What activities matter most to effectiveness?”

WHAT ACTIVITIES MATTER MOST TO HR-LINE EFFECTIVENESS?

How should HR partner with the line to deliver on the organization's objectives?

The CLC HR-Line Effectiveness Model



¹ "People": the teams of shared services, centers of expertise, and HR business partners that work with line customers

² "Activities": the specific things that people in HR do when interacting with the line

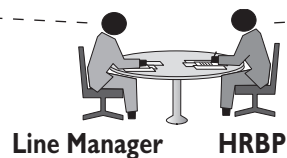
³ "Enablers": the HR investments that improve the people within HR or the activities they engage in (e.g., development, job re-design, etc...)

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

LINKAGES BETWEEN HRBP ACTIVITIES AND HR–LINE SUPPORT EFFECTIVENESS UNCLEAR

Which HRBP activities matter most?

Quickly responding to line manager questions	Identifying talent issues before they impact the business	Managing conflict between managers	Prioritizing across HR needs	Identifying critical HR metrics
Developing the next generation of leaders	Preparing for different situation	Managing conflict between employees	Resolving political problems in the execution of business plan	Adjusting HR strategies to respond to changing needs
Responding to employee needs	Managing competing personalities in the organization	Ensuring HR programs are aligned with culture	Understanding the talent needs of the business	Tracking trends in employee behaviors
Communicating organizational culture to employees	Managing the organization through change	Responding to manager needs	Identifying new business strategies	Tailoring HR strategies to meet business needs
Assessing Employee Attitudes	Communicating policies and procedures to employees	Keeping the line updated on HR initiatives	Responding to employee needs	Helping develop strategic plans regarding employees
Helping the line understand the labor market	Assessing the HR implications of strategic options	Understanding how employees impact the business	Responding to legal concerns	Reaching solutions on employee problems
Preparing for potential crises	Being able to anticipate problems	Enforcing standard HR policies and procedures	Communicating policies and procedures to employees	Administering basic HR services
Assessing employee attitudes	Advocating for employees	Coordinating with other support functions	Coaching the line on managing employees	Responding to organizational changes



Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

FOUR ROLES THAT HR BUSINESS PARTNERS PLAY

HRBPs activities include strategic partnering, operations management, employee mediation, and emergency response

Strategic Partner

SP

HRBP Strategic Partner Activities

- Adjusting HR strategies to respond to changing needs
- Developing the next generation of leaders
- Identifying critical HR metrics
- Identifying new business strategies
- Identifying talent issues before they impact the business
- Prioritizing across HR needs
- Redesigning structures around strategic objectives
- Understanding the talent needs of the business

Operations Manager

OM

HRBP Operations Manager Activities

- Assessing employee attitudes
- Communicating organizational culture to employees
- Communicating policies and procedures to employees
- Ensuring HR programs are aligned with culture
- Keeping the line updated on HR initiatives
- Tracking trends in employee behaviors

Emergency Responder

ER

HRBP Emergency Responder Activities

- Preparing for different situations
- Quickly responding to complaints
- Quickly responding to line manager questions
- Responding to employee needs
- Responding to manager needs

Employee Mediator

EM

HRBP Employee Mediator Activities

- Managing competing personalities in the organization
- Managing conflict between employees
- Managing conflict between managers
- Responding to organizational changes
- Resolving political problems in the execution of business plans

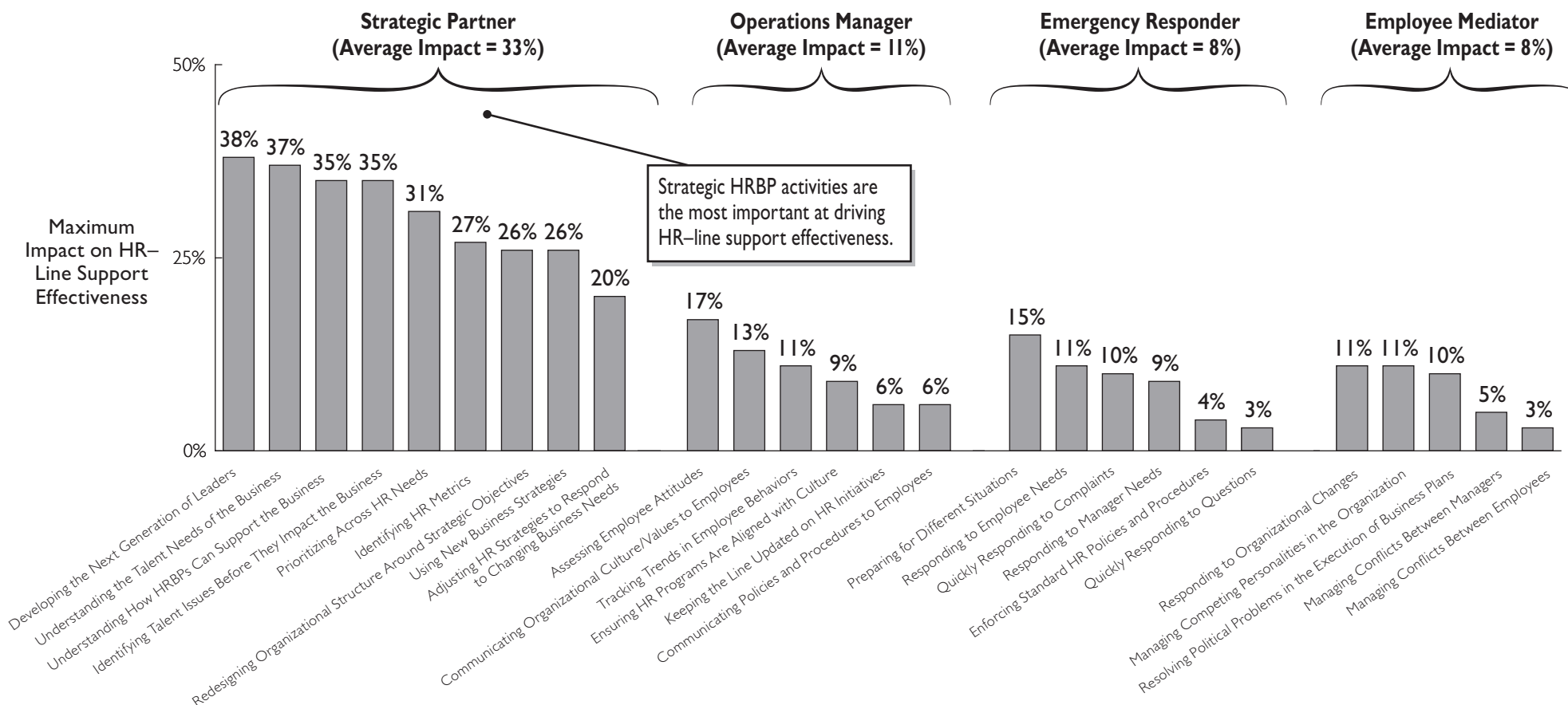
THE STRATEGIC PARTNER ROLE IS MOST IMPORTANT

- ☞ The results of this analysis indicate that all the activities within the Strategic Partner role, such as developing leaders and supporting the business, have a disproportionate impact on improving HR–Line Support Effectiveness.
- ☞ HRBP excellence at these strategic activities accounts for up to 33% improvement in HR–Line Support Effectiveness, while excellence at the other three roles provides no more than an 11% impact.

STRATEGIC HRBP ACTIVITIES DRIVE HR-LINE SUPPORT EFFECTIVENESS

A handful of HRBP activities have a disproportionate impact on improving HR-line support effectiveness

HRBP Activities' Impact on HR-Line Support Effectiveness



Note: Each bar represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores "high" on a driver, and the predicted impact when an HRBP scores "low" on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

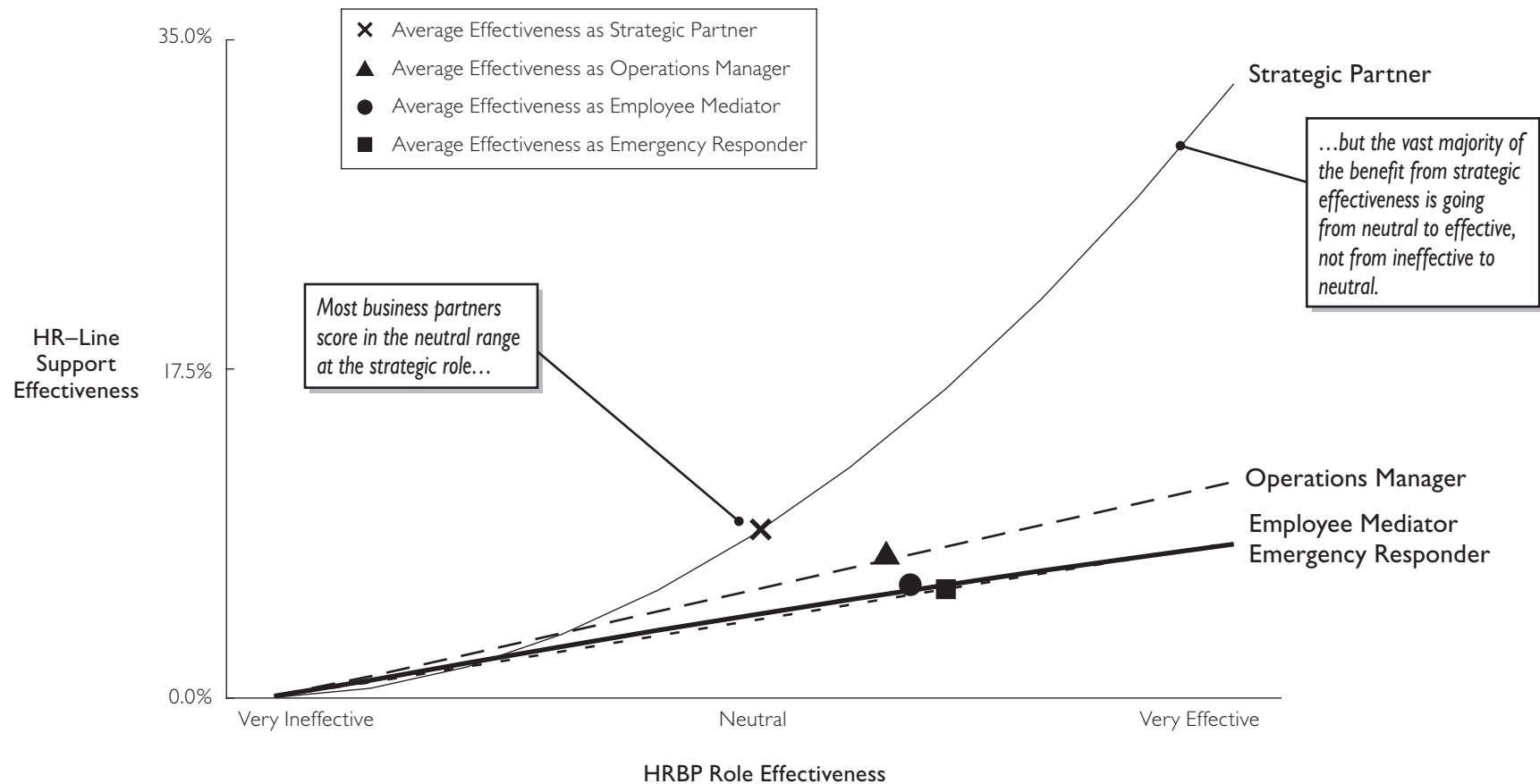
A HIGH-IMPACT INVESTMENT

- ☞ Improving HRBP performance at the strategic partner role displays increasing returns in its impact on HR–Line Support Effectiveness.
- ☞ The gains from other HRBP roles display much lower, more linear increases in impact from incremental improvement.

THE STRATEGIC PARTNER ROLE OFFERS THE MOST SIGNIFICANT POTENTIAL RETURNS

Unlike the other roles that HRBPs play, continued improvement at the strategic role causes an increasing impact on HR-line support effectiveness

Impact of HRBP Role Effectiveness on HR-Line Support Effectiveness



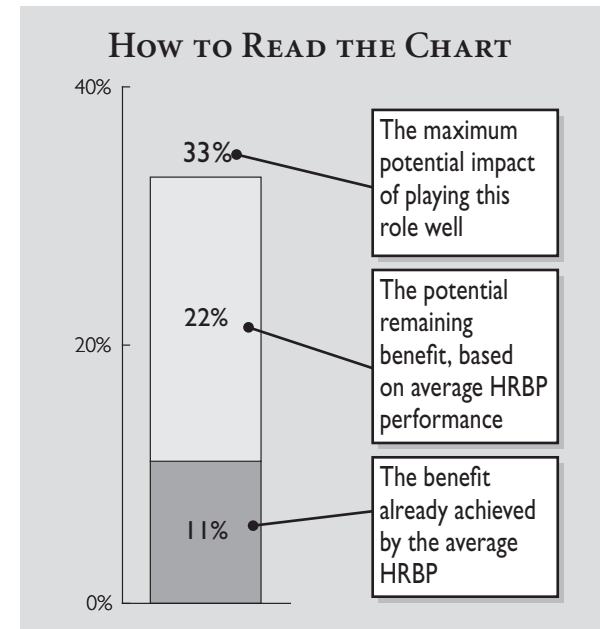
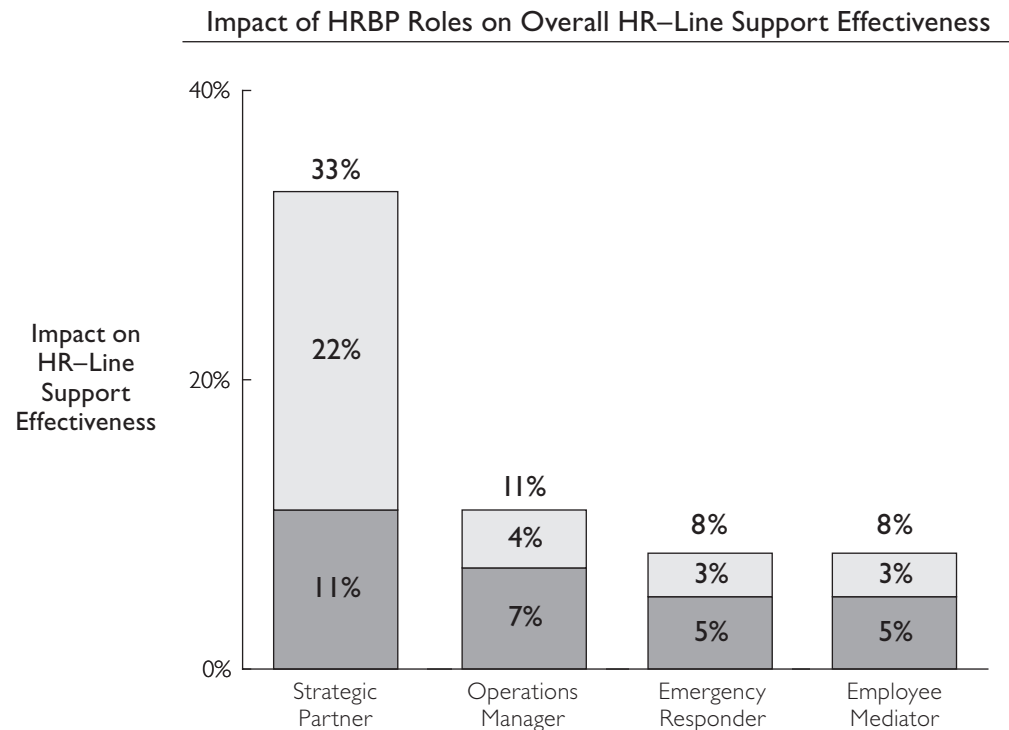
Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

THE OPPORTUNITY TO IMPROVE HRBP STRATEGIC ROLE EFFECTIVENESS

- ☞ Strikingly, while HRBP strategic activities have the greatest impact on HR–Line Support Effectiveness, they also represent the greatest opportunity for HR to improve its current state of effectiveness.
- ☞ Of the potential 33% impact on effectiveness that HR can achieve by maximizing its HRBP's effectiveness at the Strategic Partner role, only 11% of this potential has already been achieved by the average HR department.
- ☞ In contrast, HR functions have already achieved the majority of the potential benefit available in the remaining three HRBP roles, indicating that an increased focus on the Strategic Partner role yields the greatest opportunity for improved overall HR–Line Support Effectiveness.

HRBP STRATEGIC ROLE EFFECTIVENESS IS THE GREATEST OPPORTUNITY TO IMPROVE OVERALL HR–LINE SUPPORT EFFECTIVENESS

Less room exists for improvement in the other three HRBP roles



IMPLICATIONS

- To improve HR–line support effectiveness, HRBPs must improve performance at the strategic role.
- Additional investments in traditional HRBP roles will have minimal returns.

Note: Each bar represents a statistical estimate of the maximum total impact on the given outcome each role will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when HR scores “high” on a role, and the predicted impact when HR scores “low” on the role. The effects of all roles are modeled within one multivariate regression and controlled for industry and organization. In addition, a series of two-stage least-squared regressions are performed to control for any potential endogeneity.

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

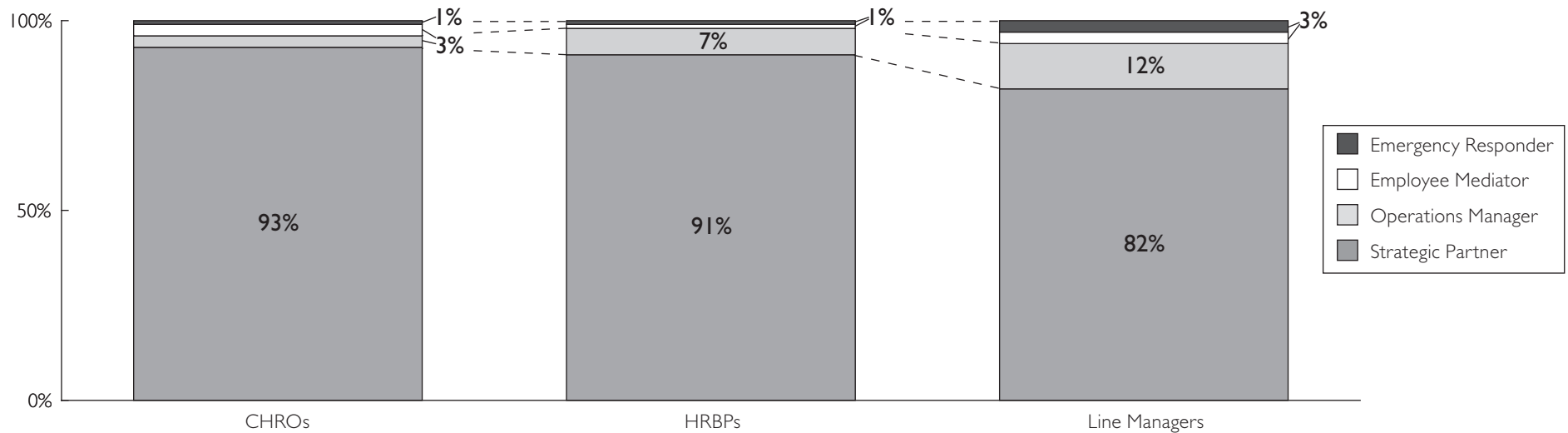
GENERAL AGREEMENT ON THE IMPORTANCE OF THE STRATEGIC ROLE

- ☞ While the previous pages have made the business case for moving HRBPs to greater effectiveness at the strategic role, further analysis indicates that HR and the line already agree on moving in this direction.
- ☞ Responses from the CHRO, HRBPs, and the line indicate there is a shared agenda and a shared report card regarding HR's role—all parties agree that HR should become more strategic.
- ☞ More importantly, however, these groups also all agree that HR's current performance in the role is suboptimal. Fewer than 20% of CHROs, HRBPs, and line managers feel that HRBPs are “effective” at the strategic role.
- ☞ Significantly, however, the line feels that nearly 40% of HRBPs are clearly “ineffective,” while the HR function feels more “neutral” on HRBP strategic effectiveness.

STRATEGIC HRBPs: A SHARED AGENDA, A SHARED CONCERN

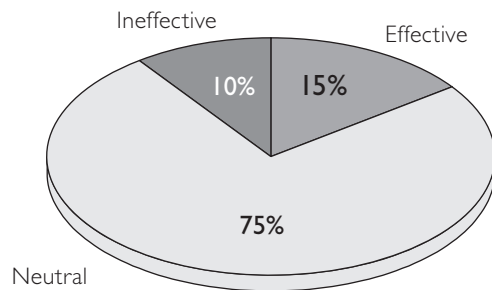
All stakeholders agree that the strategic role is the most important role for HRBPs and that HRBPs underperform

CHRO, HRBP, and Line Manager Perception of Most Important HRBP Role



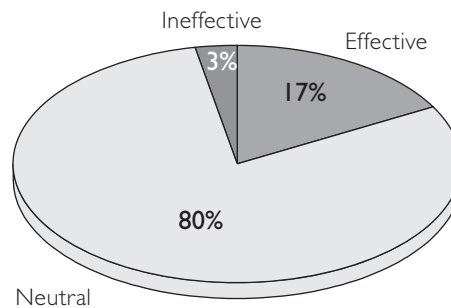
HRBP Strategic Role Effectiveness

Evaluated by CHROs



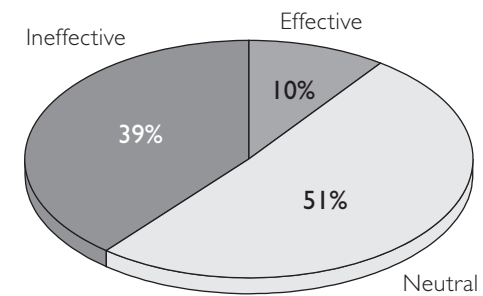
HRBP Strategic Role Effectiveness

Evaluated by HRBPs



HRBP Strategic Role Effectiveness

Evaluated by Line Managers



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

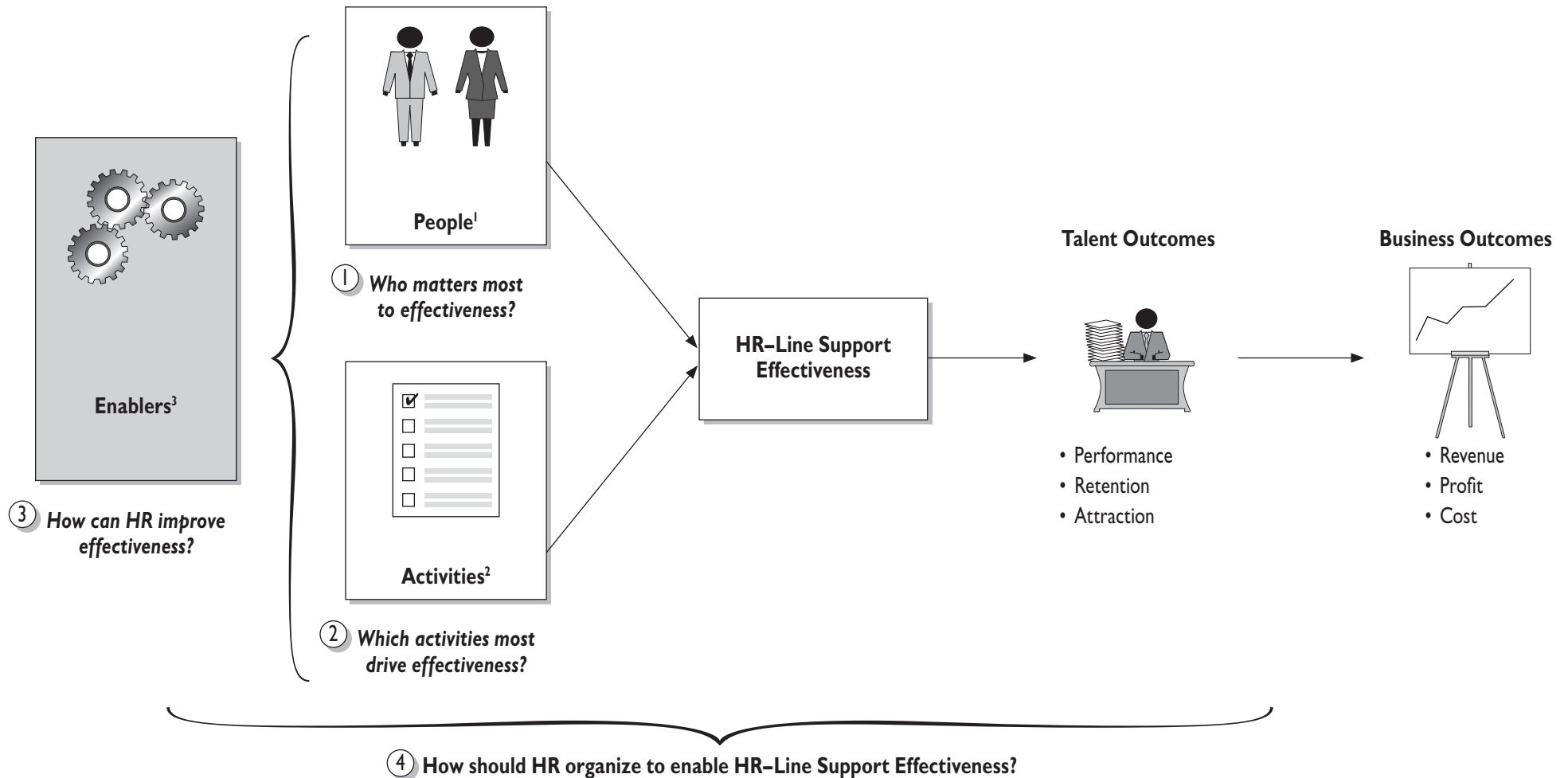
THE IMPACT OF HR–LINE SUPPORT EFFECTIVENESS ON TALENT OUTCOMES

☞ The third question in the CLC HR–line effectiveness model: “How should HR partner with the line?”

HOW CAN HR IMPROVE HR-LINE EFFECTIVENESS?

How should HR partner with the line to deliver on the organization's objectives?

The CLC HR-Line Effectiveness Model



¹ "People": the teams of shared services, centers of expertise, and HR business partners that work with line customers

² "Activities": the specific things that people in HR do when interacting with the line

³ "Enablers": the HR investments that improve the people within HR or the activities they engage in (e.g., development, job re-design, etc...)

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

TESTING ACROSS THREE GROUPS OF HRBP ENABLERS

CLC examined three categories of enablers that may impact HRBP strategic role performance

The Person

- HRBP Business Skills
- HRBP Human Resources Skill
- HRBP General Business Knowledge
- HRBP General HR Knowledge
- Previous External Work Experiences
- Previous Internal Work Experiences
- HR Certifications
- Size/Scope of Personal Network
- Personal Demographics (e.g., education, tenure)
- Hiring Experience
- Career Preferences
- Work Preferences
- Beliefs in HR
- Attitudes
- Perception of Line Customers
- Rational for Being in HR
- HRBP Development Experiences
- Rotational Experiences
- Coaching
- Mentoring
- Internal HR Training
- Internal Business Training
- External HR Training
- External Business Training

The Design of the Job

- HRBP Time Allocation
- HRBP Compensation
- HRBP Incentives
- HRBP Performance Management
- HRBP Manager Evaluation
- HRBP Workload
- HRBP Span of Control
- HRBP Management Responsibilities
- HRBP Position Dynamics
- Line Awareness of HRBP Services
- Line Perception of HRBP
- Credibility of HRBP
- Line/HRBP Communication Dynamics
- Line/HRBP Meeting Dynamics
- Quality of Line/HRBP Interactions
- Line/HRBP Interaction Derailers
- Line Expectations of HRBP
- Line/HRBP Learning Techniques
- Line/HR Specialist Interactions
- HR Training for Line Managers
- Line Manager Profile
- Line Manager Evaluation
- Line Perception of CHRO
- Line Manager Responsibilities
- Functional Management of HRBP
- Shared Services
- Centers of Excellence

The HR Function Structure and Budget

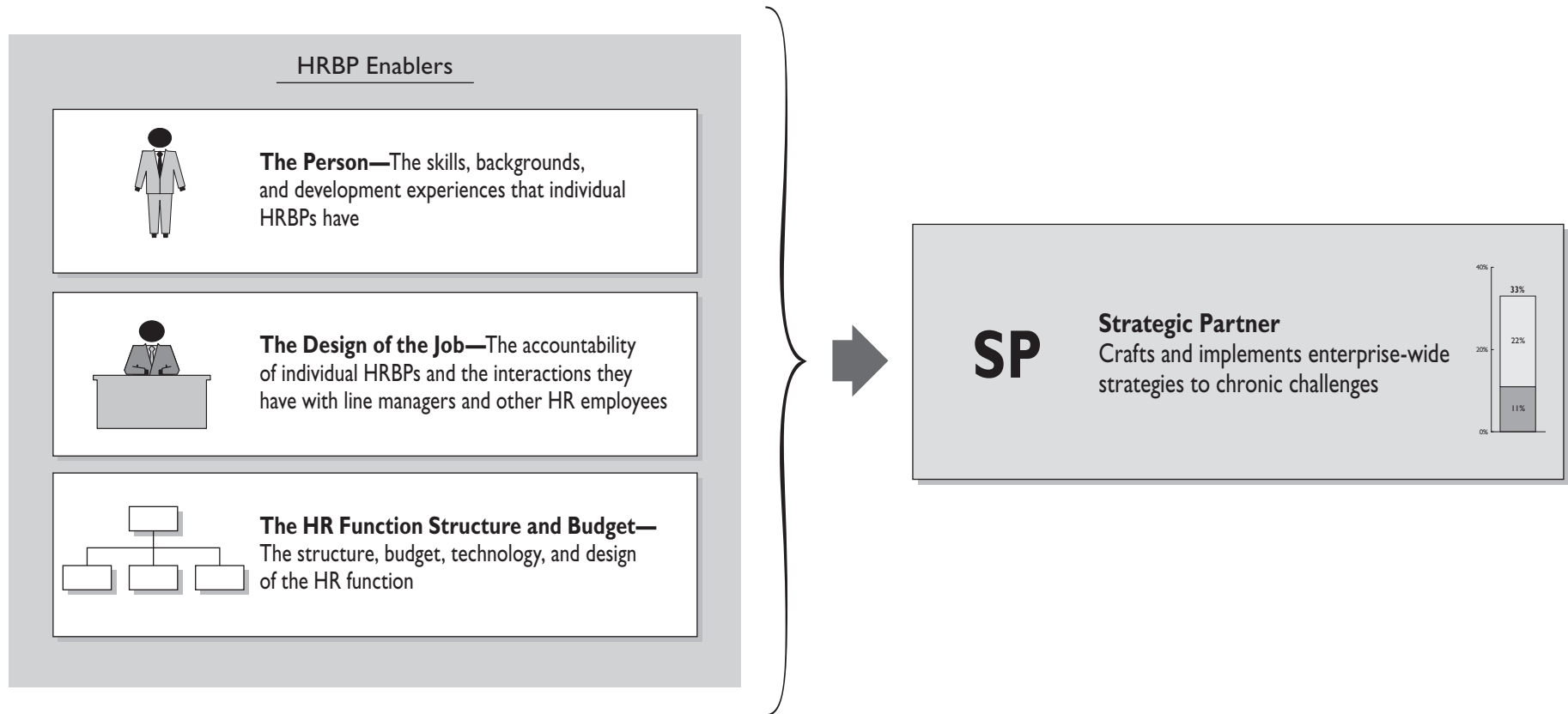
- Budget Size
- Budget Allocation
- Budget Responsibilities
- Size of HR Staff
- HR/FTE Ratio
- Specialist/Generalist Ratios
- Number/Responsibilities of Specialists
- Degree of Centralization
- Service Delivery Philosophy
- Technology Use
- Degree of Outsourcing
- Degree of Offshoring
- Stability of Structure
- Stability of Services Offerings
- Stability of HR Staff
- Metrics Use
- Talent Philosophy
- Line Services
- HRBP Hiring Philosophy
- CHRO MBOs
- CHRO-Executive Interactions
- CHRO Characteristics

Note: Within each of the items listed above, the Council conducted the analysis at additional levels of detail. For example, with "HRBP Business Skills," the Council tested Sales Skills, Metrics Skills, Negotiation Skills, etc.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

HOW DO I MAKE HRBPs GREAT AT THE STRATEGIC ROLE?

The Council identifies which enablers are most important at improving HRBP effectiveness at the strategic role



Note: HR business partners are defined as the HR employees who have direct interaction with business leaders in the organization. They are sometimes called HR generalists, consultants, or HR leaders.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

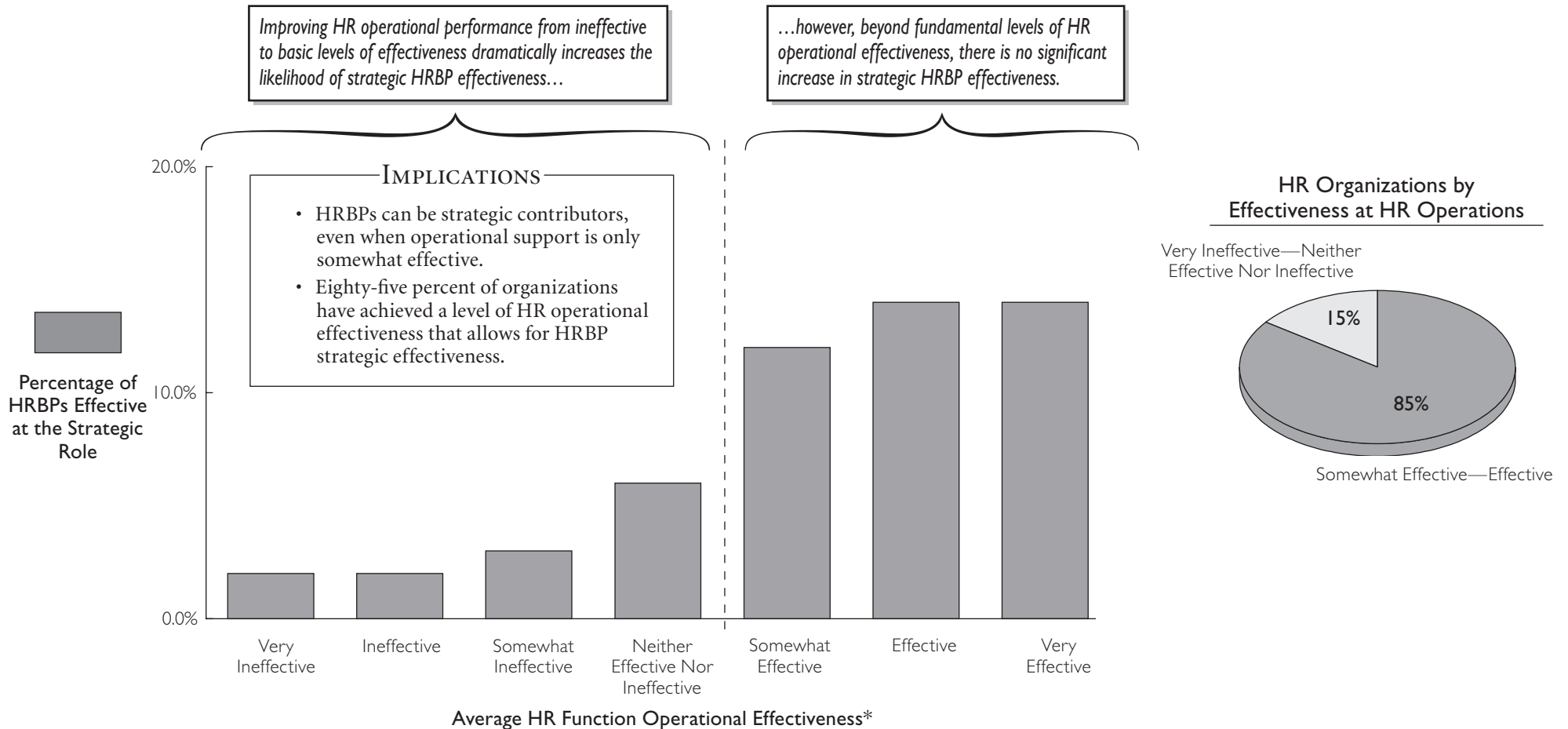
STRATEGIC EXCELLENCE DOES NOT DEPEND ON OPERATIONAL EXCELLENCE

- Previous models have indicated that HR must reach a high level of operational effectiveness before it can become strategic, but current research indicates otherwise.
- While HR can realize dramatic gains in strategic effectiveness by reaching a minimal threshold of operational effectiveness, beyond this fundamental effectiveness level there is no significant increase in HR's strategic effectiveness.
- Therefore, while CHROs must meet a minimum level of operational effectiveness in supporting the line, additional investments are not necessary.
- Instead, CHROs that have reached the minimal operational threshold can immediately shift their resources toward achieving excellence in HRBP strategic role effectiveness.

HRBP STRATEGIC EXCELLENCE DOES NOT DEPEND ON HR FUNCTION OPERATIONAL EXCELLENCE

As long as minimum thresholds of performance have been hit, HRBPs can play a strategic role

Average HR Operational Effectiveness Versus Percent of HRBPs Effective at the Strategic Role



* HR Function Operational Effectiveness is the average of line manager responses to a series of questions how effective HR is at administrative, communication, organizational design and program management.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

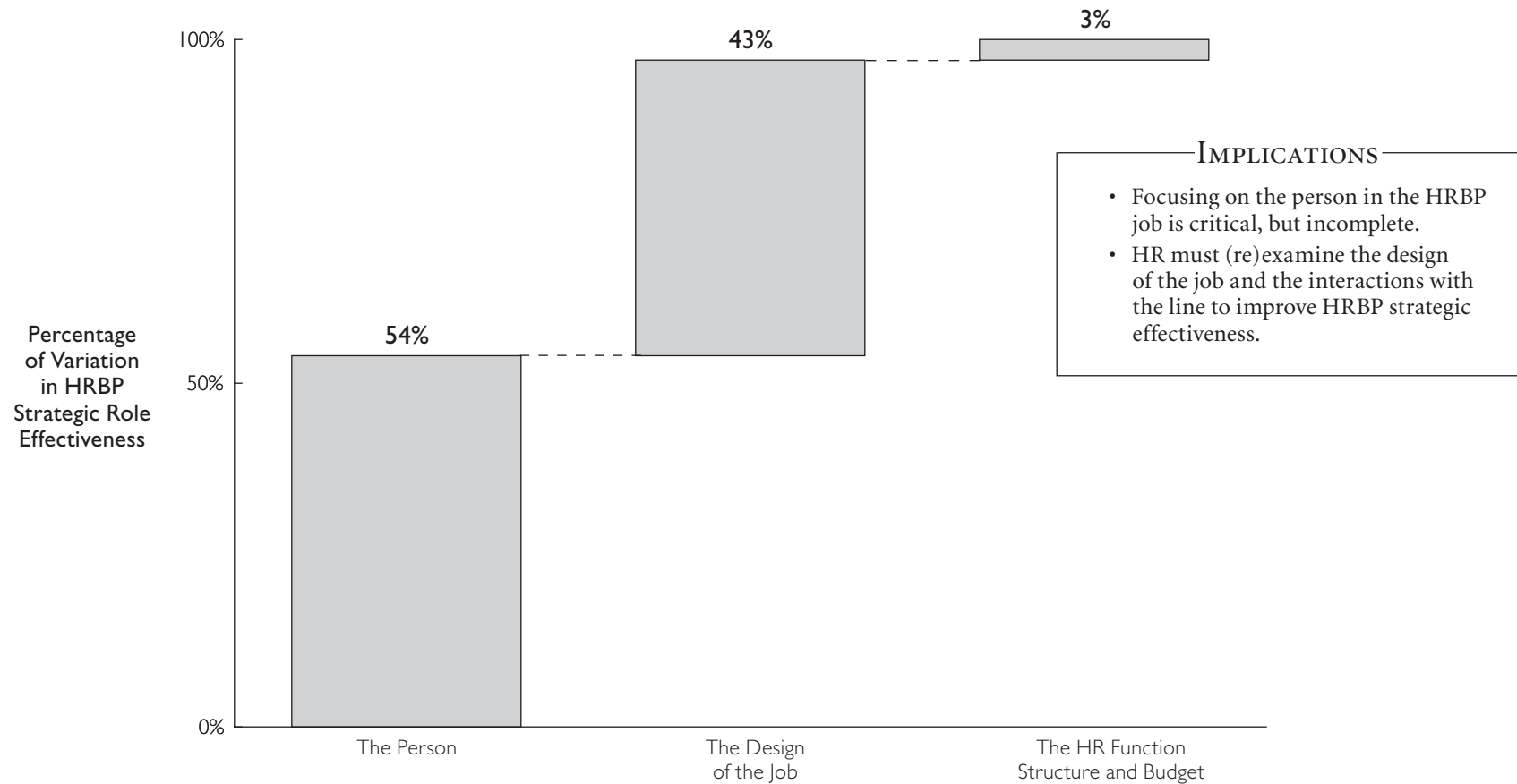
CHROs SHOULD FOCUS ON THE PERSON AND THE JOB

- ☞ Examination of these enablers reveals that the capabilities of the individual in the role and the design of the job have the primary impact on HRBP strategic role effectiveness, explaining 97% of the total variation in HR–Line Support Effectiveness.
- ☞ Expensive investments in restructuring the HR department or changing budget allocations are less likely to have significant impact on role effectiveness.
- ☞ CHROs should focus on sourcing and developing the “right” candidates and placing them in a well-designed HRBP job.

THE CHALLENGE: IT'S BOTH THE PERSON AND THE JOB

Function-level investments do not differentiate HRBP strategic role effectiveness

Percentage of Variation in HRBP Strategic Role Effectiveness Explained by Enabler Category



Note: The percentage of variation explained is calculated by conducting a multivariate analysis of variance (MANOVA).

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

BUILDING NEXT-GENERATION HR–LINE PARTNERSHIPS

Optimizing HR Business Partner Role and Capability Investments

BUILDING AND BUYING KEY HRBP COMPETENCIES

- What differentiates the best strategic HRBPs?
- How can organizations attract the best talent?
- How can organizations develop existing HRBPs to improve performance?

Profiled Case



***HRBP Job-Integrated
Development Experiences***

DESIGNING THE HR–LINE STRATEGIC PARTNERSHIP

- How should the HRBP job be designed?
- How can organizations leverage the abilities of the best HRBPs across the entire team?
- How should HRBPs interact with the line?

Profiled Case



***HR Business Partner
Solution Delivery Toolkits***

Profiled Case



Strategy-Enabled HRBP–Line Partnerships

SCALING HR BUSINESS PARTNER IMPACT

- How should HRBPs be deployed across the organizations?
- How can organizations leverage resources from the center in support of HRBPs?

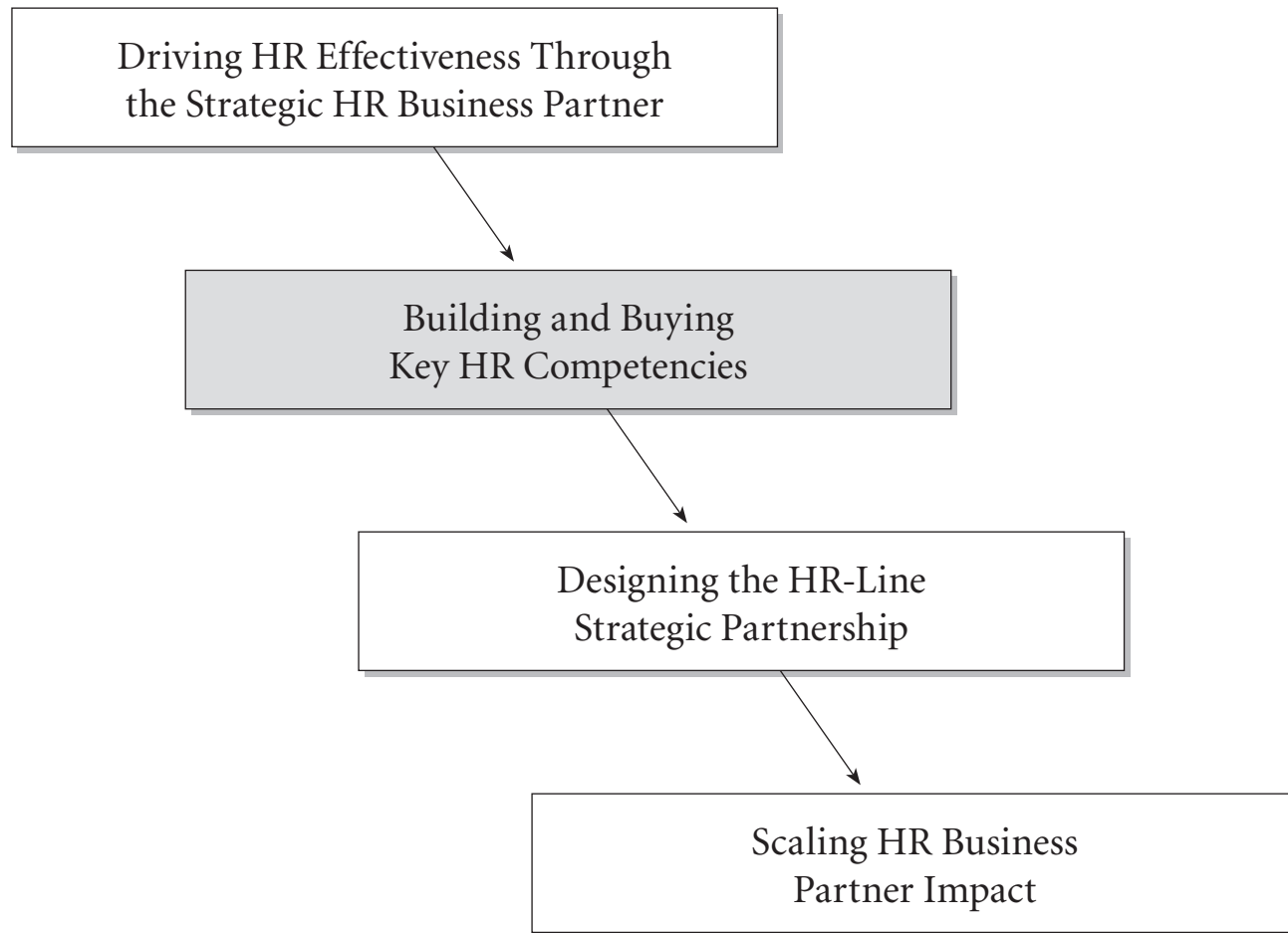
Profiled Case



Business-Aligned HR Service Delivery

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

ROAD MAP FOR THE DISCUSSION



CURRENT STRATEGIC EFFECTIVENESS OF HRBPs

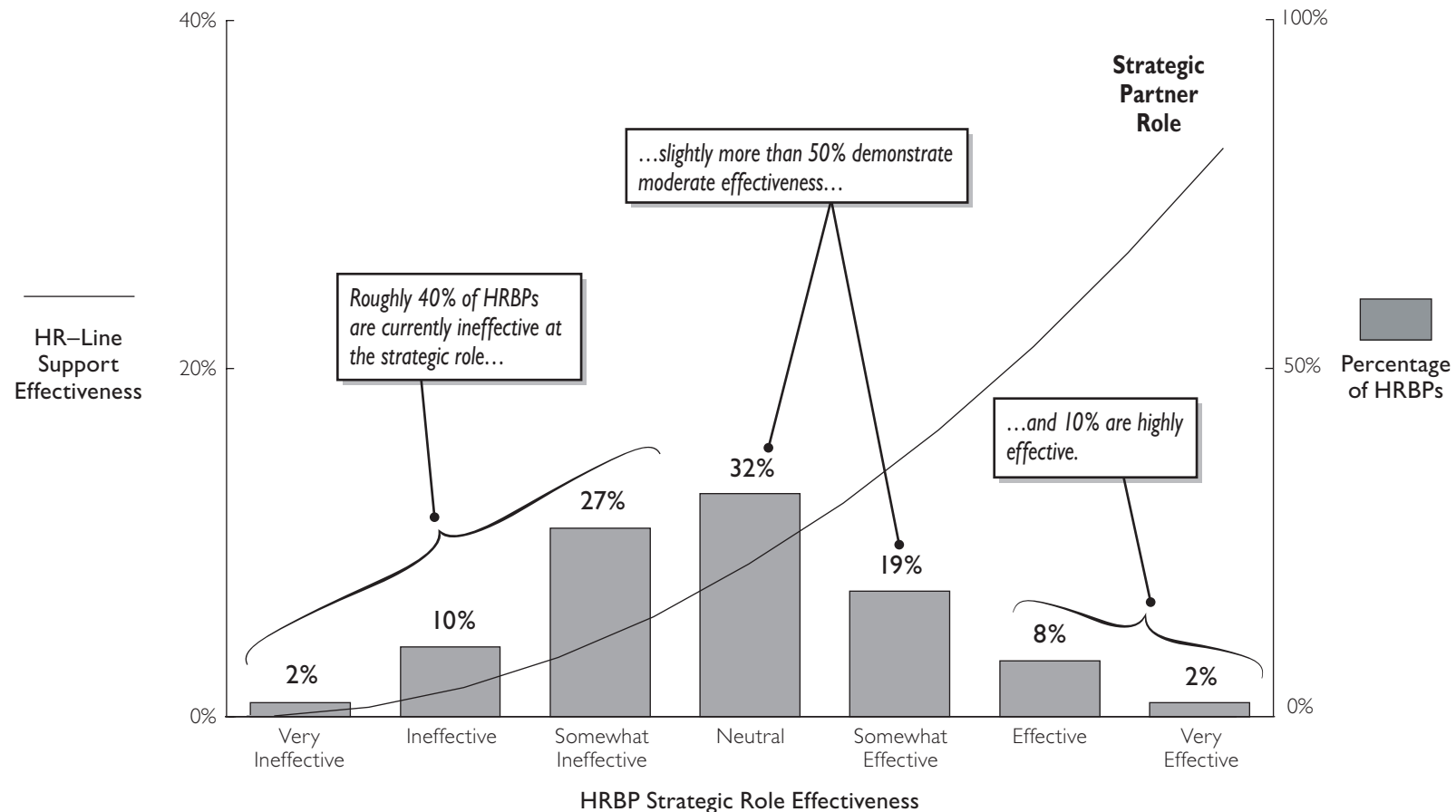
- ☞ The Strategic Partner Role curve in the graph below indicates that increasing HRBPs' strategic role effectiveness above average levels of effectiveness has a significant impact on HR-Line Support Effectiveness. Only 10% of HRBPs are currently highly effective at the strategic role.
- ☞ Fifty percent of HRBPs, however, have the potential to be highly effective. Those HRBPs should be targeted for development, not the 40% that are currently ineffective at the strategic role.

RELATIVELY FEW HRBPs ARE “GREAT” AT THE STRATEGIC ROLE

Fewer than one out of five HRBPs are highly effective at the strategic role

Relative Impact of HRBP Strategic Role Effectiveness on HR–Line Support Effectiveness

Distribution of HRBPs by Strategic Role Effectiveness



Note: The line represents the impact of strategic role effectiveness on HR effectiveness. The impact is modeled using multivariate regression with appropriate controls.

Bars represent the percentage of HRBPs scoring in each segment within on a 100-point effectiveness index.

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

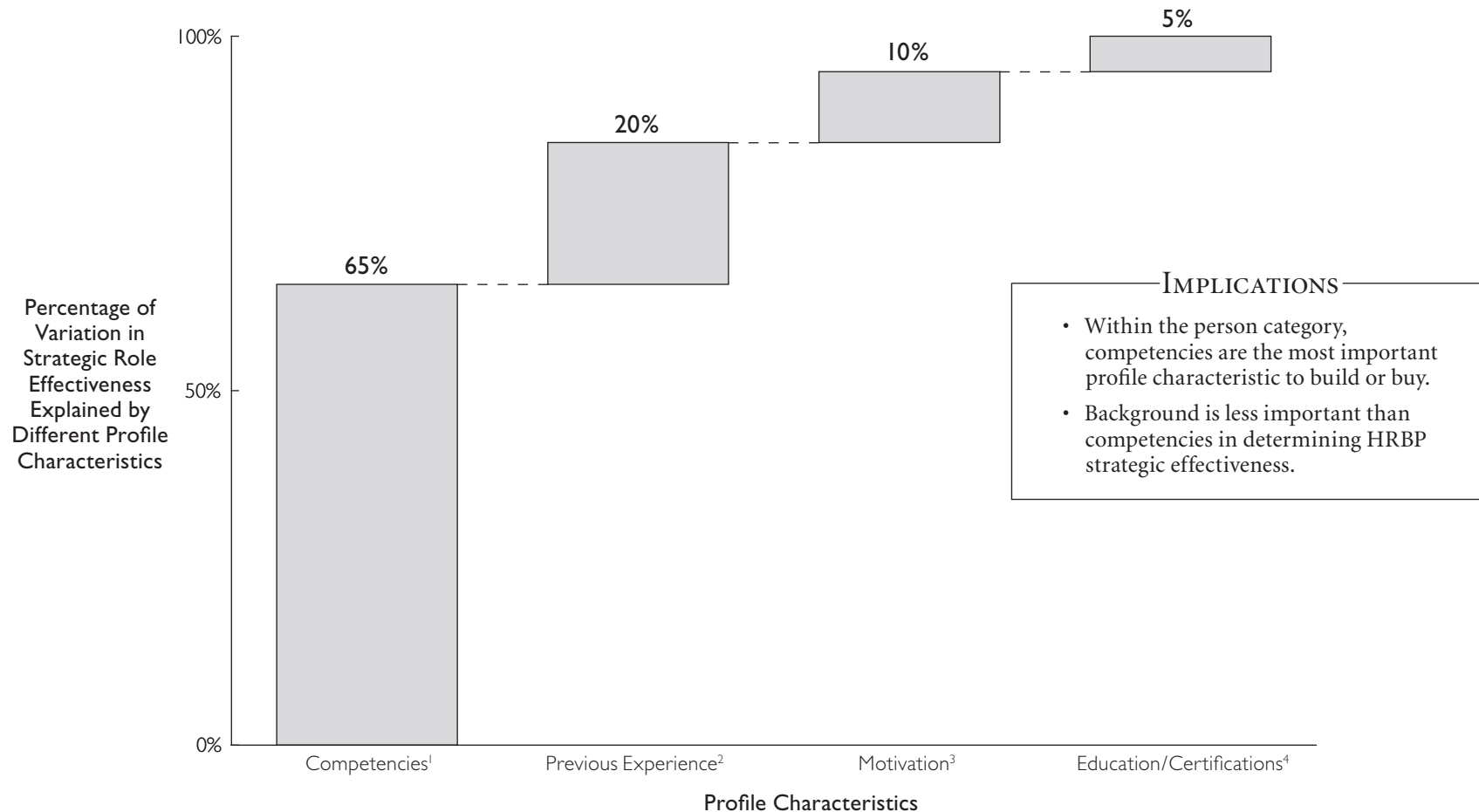
INFLUENCE OF THE HRBP PROFILE ON STRATEGIC ROLE EFFECTIVENESS

- ☞ The figure below reveals how variation in HRBP strategic role effectiveness is explained by differences in the four main profile characteristics of HRBPs—competencies, previous experience, motivation, and education or certifications.
- ☞ Of these profile characteristics, the HRBPs competencies explain 65% of the variation, indicating that HRBP skills and behaviors are far more important than their backgrounds in determining strategic role effectiveness.
- ☞ This is good news for HR, as the competencies of the HRBP are more controllable from the CHRO's perspective than factors such as the HRBPs previous experience and motivation.

COMPETENCIES ARE THE KEY CONTRIBUTORS TO HRBP STRATEGIC EFFECTIVENESS

Competencies explain a majority of the variation in the strategic capabilities of individual HRBPs

Influence of Profile Characteristics on Strategic Role Effectiveness



¹ Competencies include the knowledge and skills of the HRBP.

² Previous experience includes previous industry experience and previous HR experience. For example, previous communication industry experience.

³ Motivation refers to the motivation of HRBPs to join HR. For example, joining HR to become a consultant.

⁴ Education and certifications refer to the educational and certification achievements of HRBPs. For example, a bachelor's degree, an M.B.A., or PHR certification.

Note: The chart maps the profile characteristics that explain a person's contribution to explaining the variation in strategic role effectiveness. The percentage of variation explained by the person is calculated by conducting an ANOVA (Analysis of Variance).

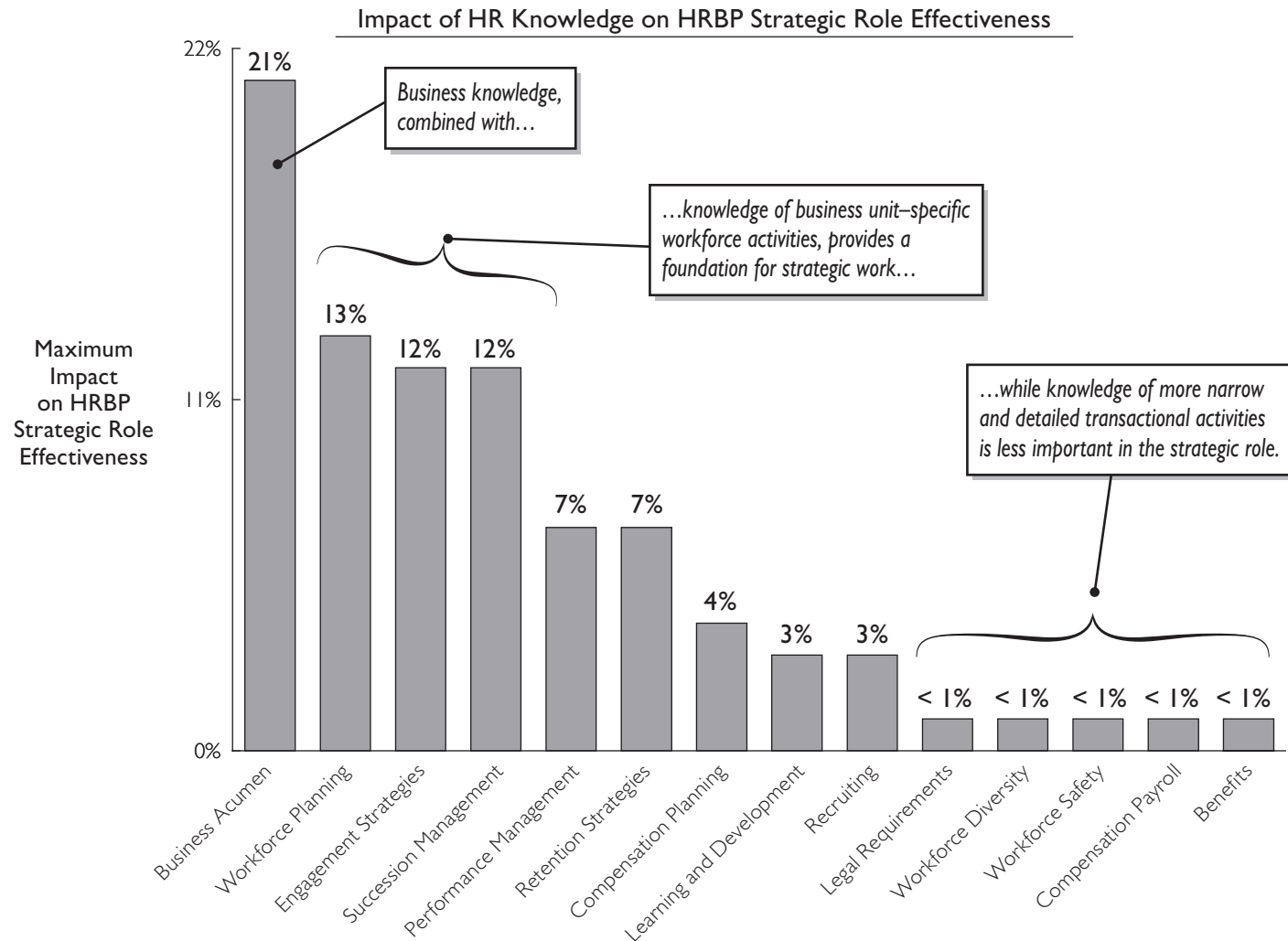
Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

THE IMPACT OF HR KNOWLEDGE ON STRATEGIC EFFECTIVENESS

- ☞ Taking a closer look at HRBP knowledge of HR activities, knowledge of workforce-wide HR activities (such as workforce planning, engagement strategies, and succession management) has the greatest impact on strategic effectiveness.
- ☞ Conversely, knowledge of complex and highly detailed transactional work, such as legal requirements and benefits planning, has minimal impact on strategic effectiveness.
- ☞ This indicates that HRBP effectiveness is not dependent on knowledge of specialized HR activities, but on the strategies that directly impact employee effectiveness across the organization.
- ☞ “Business Acumen” is defined as deep understanding of an organization’s internal and external business environment.

BUSINESS KNOWLEDGE MATTERS MOST, FOLLOWED BY WORKFORCE MANAGEMENT KNOWLEDGE

Knowledge of business unit–specific workforce management issues (i.e., workforce planning, engagement strategies, and succession management) are most important for driving HRBP effectiveness at the strategic role



Note: Each bar represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores "high" on a driver and the predicted impact when an HRBP scores "low" on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

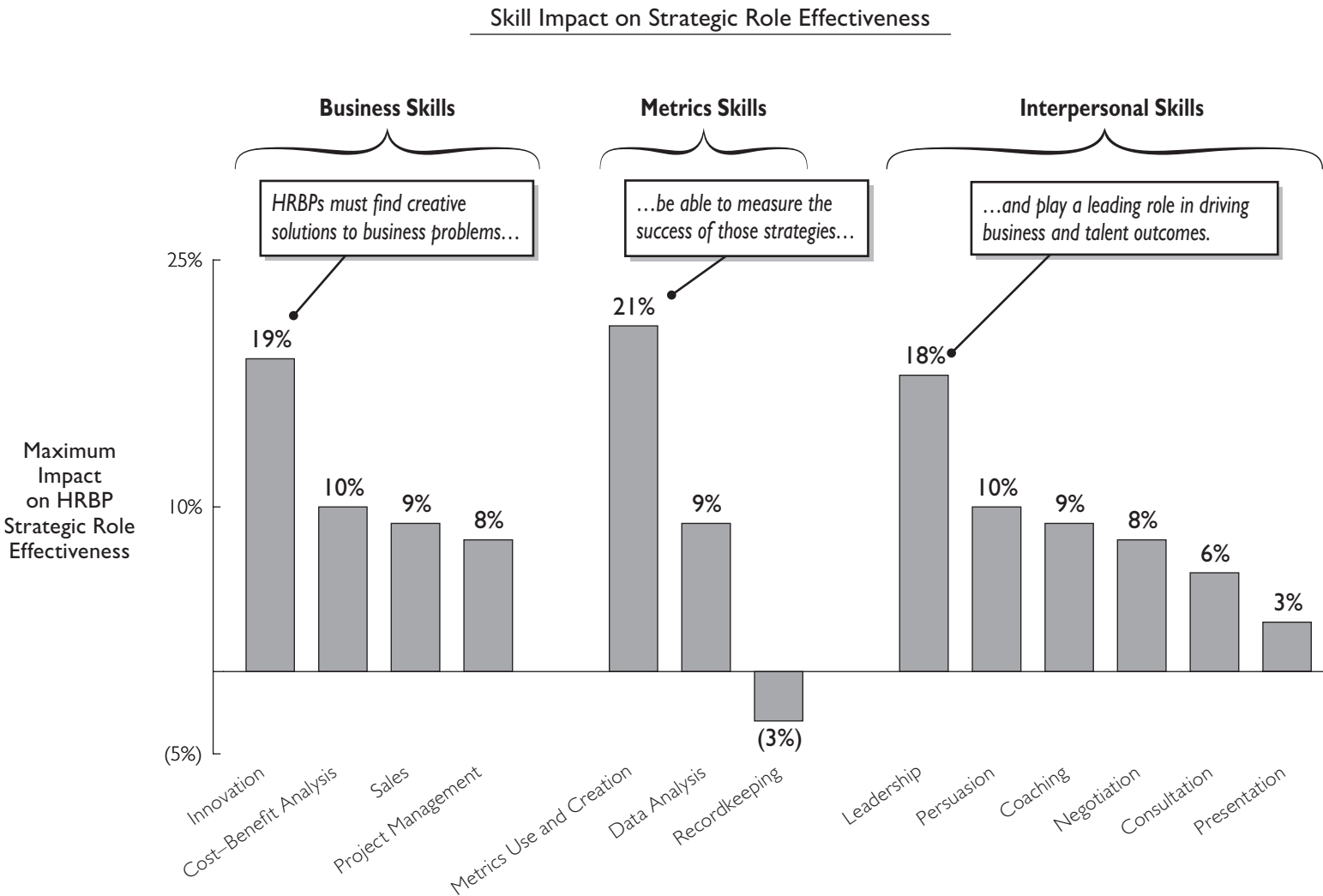
Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

THE IMPACT OF HR SKILLS ON HRBP STRATEGIC EFFECTIVENESS

- ☞ HR skills group into three main categories: business skills, metrics skills, and interpersonal skills.
- ☞ HRBPs must apply creative problem solving against business realities and measure the success of HR strategies. HRBPs must also be able to persuasively communicate a strong point of view regarding these solutions.

DATA-DRIVEN AND CREATIVE LEADERSHIP SKILLS MATTER MOST

Innovation, metrics use, and leadership skills drive strategic role effectiveness



Note: Each bar represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores "high" on a driver and the predicted impact when an HRBP scores "low" on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

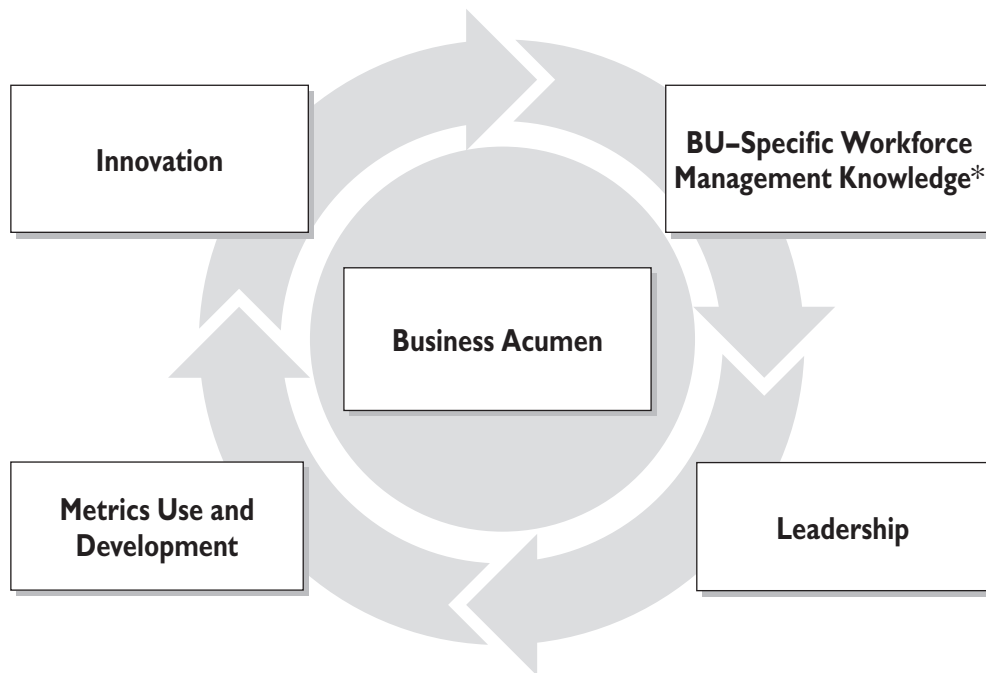
THE CLC STRATEGIC HR BUSINESS PARTNER COMPETENCY MODEL

- ☞ Given the skills and knowledge identified as having the greatest impact on HRBP strategic role effectiveness, the Council has created a new strategic HRBP competency model to serve as the blueprint for strategic HRBP development.
- ☞ Grounded in business acumen, the ideal strategic HRBP employs workforce management knowledge, innovation, leadership, and metrics use and development to achieve results.
- ☞ Organizations should use this model as a starting point when designing their own HRBP competency models to ensure that all elements are included as well as guarding against the inclusion of nonessential competencies.

THE CLC STRATEGIC HR BUSINESS PARTNER COMPETENCY MODEL

Building on their business acumen, strategic HR business partners deploy workforce management knowledge, data analysis, innovation, and leadership skills to achieve results

CLC Strategic HRBP Competency Model



BUSINESS ACUMEN AT THE CENTER

Business acumen is at the center of the strategic HRBP competency model because:

- 94% of HRBPs that have high levels of business acumen are also highly effective at the strategic HRBP role; and
- Without business acumen, the impact of innovation, leadership, and metrics use is dramatically limited.

DEFINITIONS FOR THE STRATEGIC ROLE COMPETENCY MODEL

Innovation: Refers to the ability to customize or implement HR solutions to human capital problems in creative ways, or to craft new HR solutions.

Leadership: Refers to the ability to persuade line managers of the need for new or existing HR programs by taking a leadership position.

Metrics Creation and Use: Refers to the ability to develop and use metrics to make the business case for HR programs, to align HR strategy with corporate goals, and to assess and justify the performance of HR programs.

BU-Specific Workforce Management Knowledge: Refers to the ability to use HR knowledge on engagement, performance management, and attraction at the business unit level to provide strategic solutions to human capital problems.

Business Acumen: Refers to the ability to use insight of the organization's internal and the external business environment to improve the human capital outcomes that affect business unit performance.

* These include workforce planning, engagement strategies, and succession management.

THREE ISSUES WITH “BUY STRATEGIES”

- ☞ Organizations looking to “buy” competencies will find three major challenges in the current HRBP labor market—key HRBP competencies are scarce, the best HRBPs are the most expensive, and the most available HRBPs have more average skills.
- ☞ First, very few HRBPs in the labor market have high-impact skills such as leadership and business acumen, and there is intense competition to attract these workers.
- ☞ Second, HRBPs with the best skill sets currently command a 20% greater salary than the average HRBP, placing a significant premium on sourcing these individuals.
- ☞ Finally, the pool of HRBPs currently looking to leave their jobs do not have the skills necessary to achieve strategic effectiveness in the HR Business Partner role.

SOURCING WITHIN CURRENT HRBP POPULATION IS DIFFICULT

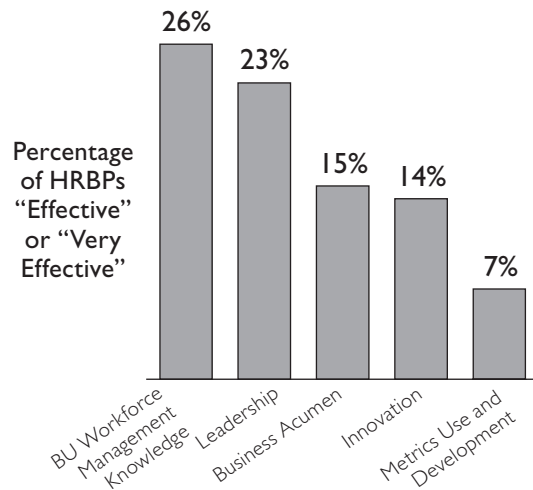
Scarcity and lack of availability drive up the price of effective HRBPs

Problem #1: A Scarcity of the Most Important Skills

The Issue: High Impact, Low Availability

The scarcity of high-impact skills on the HR labor market increases the difficulty of buying these skills.

Percentage of HRBPs with Strong, High-Impact Skill Sets

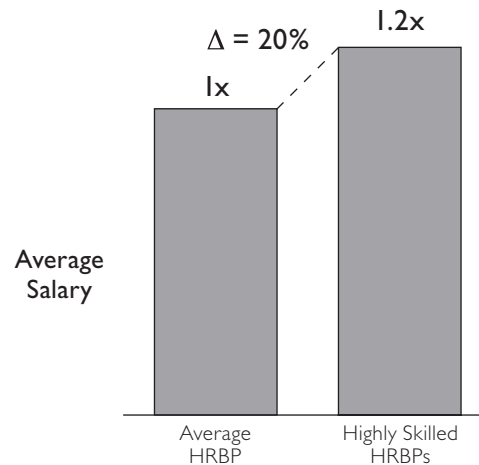


Problem #2: The Best HRBPs Are the Most Expensive

The Issue: Greatest Skills, Greatest Premium

HRBPs with the strongest skill sets command a significantly higher premium than their counterparts.

Salary Premium of Highly Skilled HRBPs

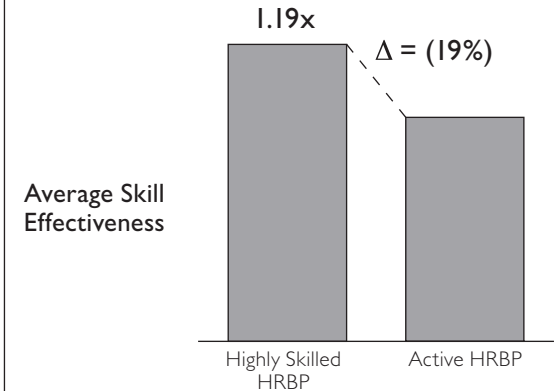


Problem #3: Actively Available HRBPs Are Worse

The Issue: High Availability, Lower Impact

HRBPs currently looking to leave their job have no better skill set than the average HRBP.

Skill Set of Actively Available Talent



Note: The percentage of HRBPs with strong, high-impact skill sets is calculated by summing the number of HRBPs scoring "effective" or "very effective" at the skill.

The salary premium of highly skilled HRBPs is determined by comparing the salary of the average HRBP with HRBPs who score high on the set of competencies that regression analysis reveals most drives strategic effectiveness.

The skill set of actively available talent is calculated by comparing the mean skill effectiveness of highly skilled HRBPs and HRBPs who indicated they are actively searching for another position.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

EXTERNAL HRBP TALENT POOLS

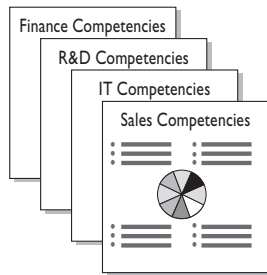
- ☞ To identify HRBP talent pools outside of HR, the CLC evaluated competency models from numerous functions and interviewed more than 100 Chief Human Resource Officers to identify three potential pools of HRBP candidates outside of HR.
- ☞ Candidates with backgrounds in finance, sales, or those with a M.B.A. are more likely to be effective at the strategic HRBP role.
- ☞ These findings reveal that while sourcing HRBP talent externally can be a difficult strategy, knowledge of these existing talent pools can give the HR function an advantage in finding people that can fill HRBP roles effectively.

“BEST FIT” TALENT SOURCES OUTSIDE HR

Three potential sources of talent outside HR are Finance, Sales, and M.B.A.s

1

The Council evaluated competency models from numerous areas...



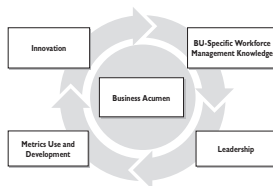
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...interviewed more than 100 CHROs to determine potential talent pools outside HR to source HRBPs...

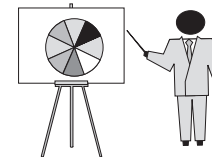


3

...and evaluated their fit with the Strategic HRBP Competency Model



Potential Talent Pools Outside HR



Finance



Sales



M.B.A.s

Source: Corporate Leadership Council, *Competencies and Development Opportunities for the Finance Function*, Washington, D.C.: Corporate Executive Board (2005); Sales Executive Board, *Building Sales Reps' Business Competencies*, Washington, D.C.: Corporate Executive Board (2005); *Graduate Management Admission Council*, *Global MBA Graduate Survey*, McLean, Va. (2006); Corporate Leadership Council, *HR-Line Support Effectiveness Survey*; Corporate Leadership Council research.

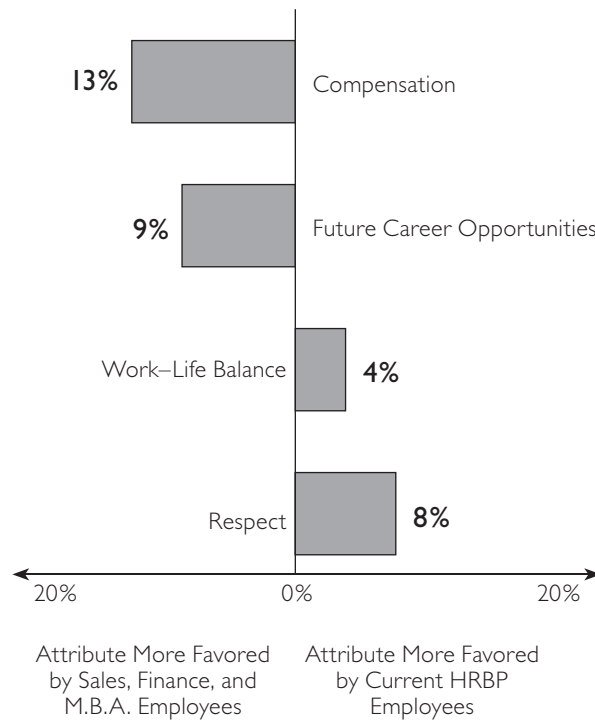
SOURCES OF TALENT OUTSIDE THE HR FUNCTION

- ☞ To attract HRBP candidates from these external talent pools, CHROs must reevaluate the current Employment Value Proposition (EVP) of the HRBP role, as individuals from these functions and backgrounds have significantly higher expectations regarding salary and career progression than typical HRBP employees.
- ☞ CHROs will need to be prepared to offer significantly higher salaries than they currently provide Senior HR Generalists to capture this talent and will need to rethink current advancement opportunities to ensure compelling future career growth.

DIFFICULT TO ATTRACT TALENT OUTSIDE HR WITH CURRENT OFFERING

To attract employees from Finance and Sales, or with M.B.A.'s, organizations must rethink the level of compensation and career opportunities they provide HRBPs

Average Employee in Sales, Finance, or with an M.B.A.
Difference in Employee Value Proposition Attraction Attributes



How They Match Up

Starting Salaries (2006)

Senior HR Generalist	\$73,500
M.B.A.	\$92,360
Financial Analyst	\$96,113
Sales Director	\$127,264

Future Career Opportunities

Percentage of respondents who think they can advance by staying in their current job

Human Resources	31%
Finance	35%
Sales	48%

Note: Bars represent relative differences in top drivers of attraction for each segment.

For more information on the Employee Value Proposition, please see Corporate Leadership Council, *Attracting and Retaining Critical Talent Segments* and The Corporate Leadership Council Employment Value Proposition Design Center at www.clc.executiveboard.com.

Source: Wall Street Journal's Career Journal, The 2006 Global MBA Report, Mercer Consulting; Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

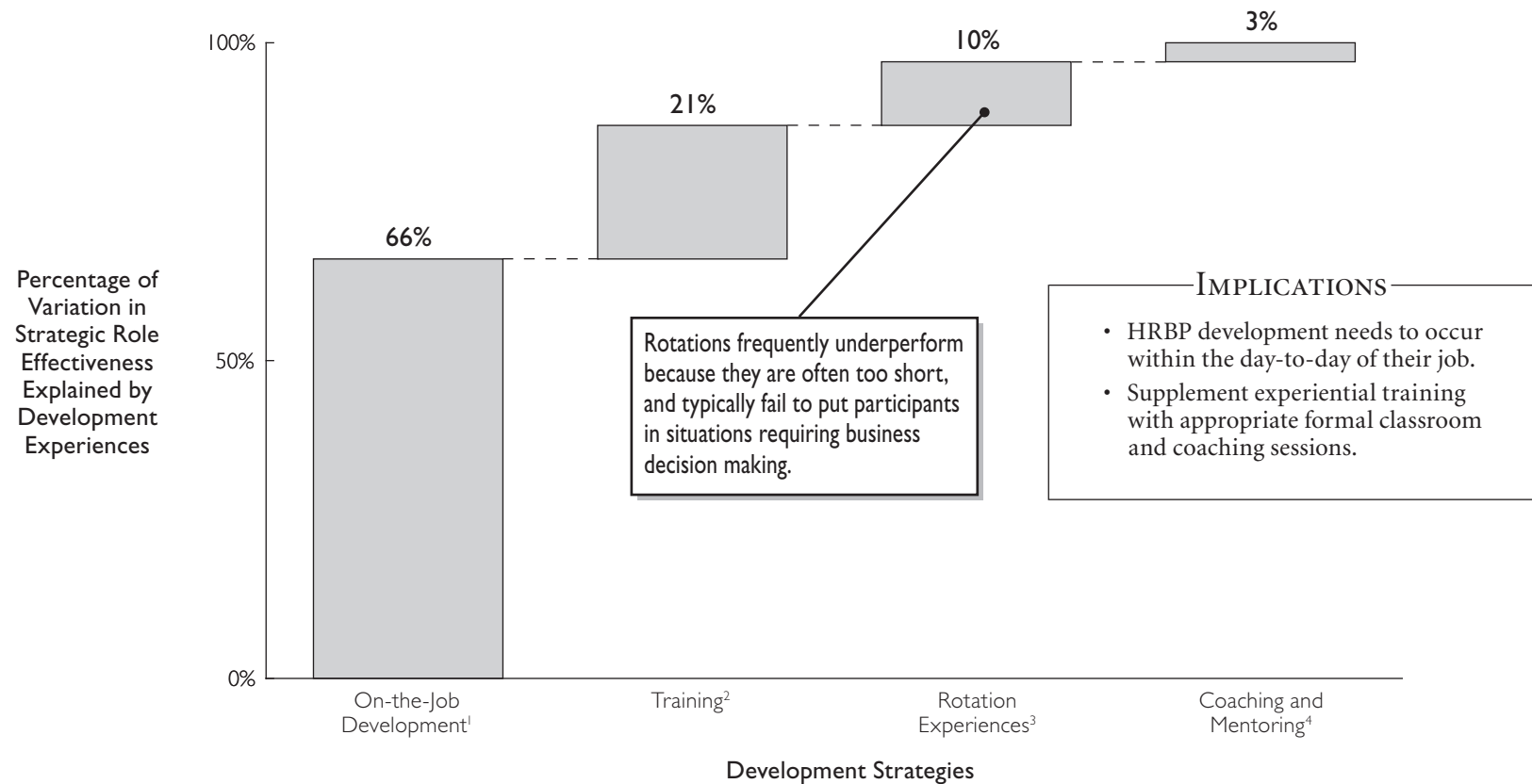
THE MOST EFFECTIVE DEVELOPMENT STRATEGIES

- ☞ An examination of the host of development activities that explain variation in effectiveness at the strategic HRBP role reveals that on-the-job development has far more impact than job rotations alone, standard training, or relationship-building activities such as coaching or networking.
- ☞ This suggests that development needs to occur within the context of HRBPs' day-to-day work, and that formal classroom training and coaching should act as a supplement.
- ☞ It also suggests that organizations do not need to invest heavily in line rotations to enhance strategic impact.

MOST IMPORTANT DEVELOPMENT EXPERIENCES ARE ON-THE-JOB

On-the-job development is more than twice as important as the next largest category

Contribution of Development Experiences to Strategic Role Effectiveness



¹ On-the-Job development refers to experiences gained during the course of one's normal work schedule.

² Training refers to classroom training and Web trainings.

³ Rotation experiences refer to experiences that are part of a temporary, formal rotation into a line role.

⁴ Coaching and mentoring outside of direct manager.

Note: The percentage of variation explained is a measure solely of the variation associated with different development experiences.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

CLC EXAMINED MORE THAN 100 UNIQUE DEVELOPMENT STRATEGIES THAT HRBPs CAN EXPERIENCE

Partial List of Development Strategies Tested

On-the-Job Development

- Modify work to adapt to changing circumstances
- Persuade senior managers to take difficult actions
- Engage in business forecasting or planning
- Work with vendors or consultants to deliver services
- Make decisions that could dissatisfy customers
- Customize HR solutions
- Make the business case for specific HR programs or initiatives
- Work on change management initiatives
- Gain exposure to global operations
- Work on cross-functional teams
- Work on mergers and acquisitions
- Presence of a development plan
- Effectiveness of development plan
- Work with line managers to understand business needs
- Customize and delivery HR strategies
- Work on merger or acquisition

Rotations

- Number of rotation experiences
- Length of rotation
- Location of rotation
- Similarity of rotation to current work
- Gained insight into organization's strategy
- Learned how different parts of the organization worked together
- Learned why line managers do not follow HR policies
- Learned why line managers often under-perform at people management activities
- Learned about the pressures and constraints faced by line managers
- Exposed to organizational politics
- Worked with line managers who had little respect for HR
- Had to make risky decisions

Training

- Classroom training, taught by your organization's employees
- Classroom training, taught by a third party
- Web-based training, developed by your organization
- Web-based training, provided by a third party
- Training focused in different areas
- Length of training
- Effectiveness of classroom training
- Effectiveness of Web-based training
- Frequency of training
- Business training
- HR training
- Job-specific skills training

Coaching and Mentoring

- Presence of coach
- Presence of mentor
- Informal mentor/coach (e.g., a colleague)
- Formal mentor/coach (an employee assigned by the organization)
- Effectiveness of coach
- Effectiveness of mentor
- Length of relationship with coach
- Length of relationship with mentor
- Number of coaches
- Number of mentors

KEY DEVELOPMENT METHOD FOR EACH CRITICAL COMPETENCY

While key strategies vary by competency, in-role stretch experiences have the largest impact on HRBP strategic role development

Most Effective Development Method for Each Competency

Competency	Development Method	Impact on Competency Effectiveness
Business Acumen	Work with a line manager to identify and implement a new line program that solves a business problem	14%
Innovation	Identify a major problem within a business that requires critical trade-offs between objectives, then develop and propose a solution	24%
Leadership	Lead the development and implementation of a new HR initiative that solves a critical business problem	19%
Metrics Use and Development	Work with an expert who can teach how to apply metrics and measurement to solve business problems	12%
BU-Specific Workforce Management Knowledge	Work on a merger, acquisition, or other major initiative to understand how these changes will affect the future workforce	5%

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

HRBP JOB-INTEGRATED DEVELOPMENT EXPERIENCES



Industry: Energy
Revenue (FY2006): US\$318.8 Billion
Employees: 120,000
Number of HR Business Partners: 600
Headquarters: The Hague, Netherlands

Goal: To provide HRBPs with the on-the-job development experiences they need to manage the increasingly complex responsibilities of the HR business partner role.

Description

Traditional HR jobs in many organizations fail to prepare HRBPs with the strategic capabilities they need to drive HR solutions. Shell's HRBP development framework prepares HRBPs for increasingly complex roles through collaboration between line managers and HRBPs to identify opportunities in the business to obtain needed experiences that match development needs. The line managers and HRBPs incorporate these experiences into the HRBPs' development plans and job responsibilities.

Key Teachings

- Identify key on-the-job development experiences that enable HRBP career progression using data from successful HRBPs.
- Match development experiences to stages of the HRBP career to prepare HRBPs for increasing strategic responsibilities.
- Engage the line manager in collaborating with the HRBP to identify business opportunities where the HRBP can attain needed development experiences.

Results

- Forty-five percent increase in rollout and participation in development framework.
- HRBPs report improved individual performance at delivering strategic impact.



INTEGRATING DEVELOPMENT EXPERIENCES INTO THE “DAY JOB”

Shell maps development experiences to needed competencies and builds them into day-to-day work throughout the career

Shell's Framework for Building Successful HR Business Partners

Development Challenge #1: Identifying the Specific Development Needs of HRBPs

Shell Step #1: Define the Successful HRBP Competency Profile

Key Insight: Use current competency model to identify ideal HRBP skill levels.

Global Competence Framework	
HR Competency	Senior HRBP Proficiency
• Business Partnering	Mastery
• Change Management	Mastery
• HR Strategy and Business Understanding	Mastery
• Talent and Skill Pool Management	Mastery
• Performance Management	Mastery
• Organization Design	Skill
• Facilitation and Intervention	Skill
• Diversity and Inclusiveness	Skill
• Collective Bargaining and Consultation	Skill
• Portfolio Management	Skill
• HR Information	Skill
• Behavioral Sciences	Knowledge
• Systems Thinking	Knowledge
• Pay and Delivery	Knowledge

Development Challenge #2: Building Development into HRBP Career Progression

Shell Step #2: Identify On-the-Job Development Experiences of Successful HRBPs

Key Insight: Surface key development experiences from high-performing HRBPs.

- Questions for Successful HRBP Leaders**
1. What development experiences enabled you to build mastery in critical HRBP competencies?
 2. What were the circumstances in which you had those experiences?
 3. What were the learnings from those experiences?
 4. What are the two to three main points in your career where a step-change in impact/seniority occurred for you?
 5. What was the nature of this step-change?
 6. What developmental experiences enabled you to overcome the challenges of those step-changes?

Shell Step #3: Map Experiences to HRBP Career Progression

Key Insight: Match development experiences to stages in the HRBP career.

Development Challenge #3: Delivering Key Development Experiences to HRBPs

Shell Step #4: Partner with Line Managers to Hard Wire Critical Experiences into HRBP Job

Key Insight: Use development plans to incorporate key development experiences into the HRBP job.

Current Job Title	HRBP Manager	Proficiency Level Required	Current Proficiency Level	Gap?
HRBP Competencies Critical to My Current Position				
Business Partnering	Managing	Managing	Skilled	Yes
HR Strategy and Business Understanding	Skilled	Skilled	Skilled	No
Change Management	Skilled	Skilled	Skilled	No
HRBP Experiences Critical to My Current Position				
Facilitate HRBP to major organizational change	No	---	---	Yes
Monitor of senior management team	Yes	Management team of seniority of previous organization	No	---
Manage a significant project across organizational boundaries	No	---	---	Yes
Needed Job Experiences				
Facilitate HRBP to major organizational change	Participate in Strategic Organization Acquisition Team	How will they be attained?	When?	---
Manage a significant project across organizational boundaries	Lead an design and implementation team for the Global Project	---	---	June
Progress to Completion of Needed Experiences				Due
Continuing work on Strategic Acquisition Team				May '12

Source: Royal Dutch Shell plc; Corporate Leadership Council research.

BUILDING NEXT-GENERATION HR—LINE PARTNERSHIPS

Optimizing HR business partner role and capability investments

BUILDING AND BUYING KEY HRBP COMPETENCIES

- Build HRBP competencies in business acumen, innovation, leadership, metrics and workforce management to drive impact.
- Restructure the HR Employment Value Proposition to address compensation and career opportunity mismatches to attract top talent from outside HR.
- Design on-the-job experiences to capitalize on key learning opportunities already within the work of the HRBP.

Profiled Case



HRBP Job-Integrated Development Experiences

DESIGNING THE HR—LINE STRATEGIC PARTNERSHIP

- How should the HRBP job be designed?
- How can organizations leverage the abilities of the best HRBPs across the entire team?
- How should HRBPs interact with the line?

Profiled Case



HR Business Partner Solution-Delivery Toolkits

Profiled Case



Strategy-Enabled HRBP—Line Partnerships

SCALING HR BUSINESS PARTNER IMPACT

- How should HRBPs be deployed across the organizations?
- How can organizations leverage resources from the center in support of HRBPs?

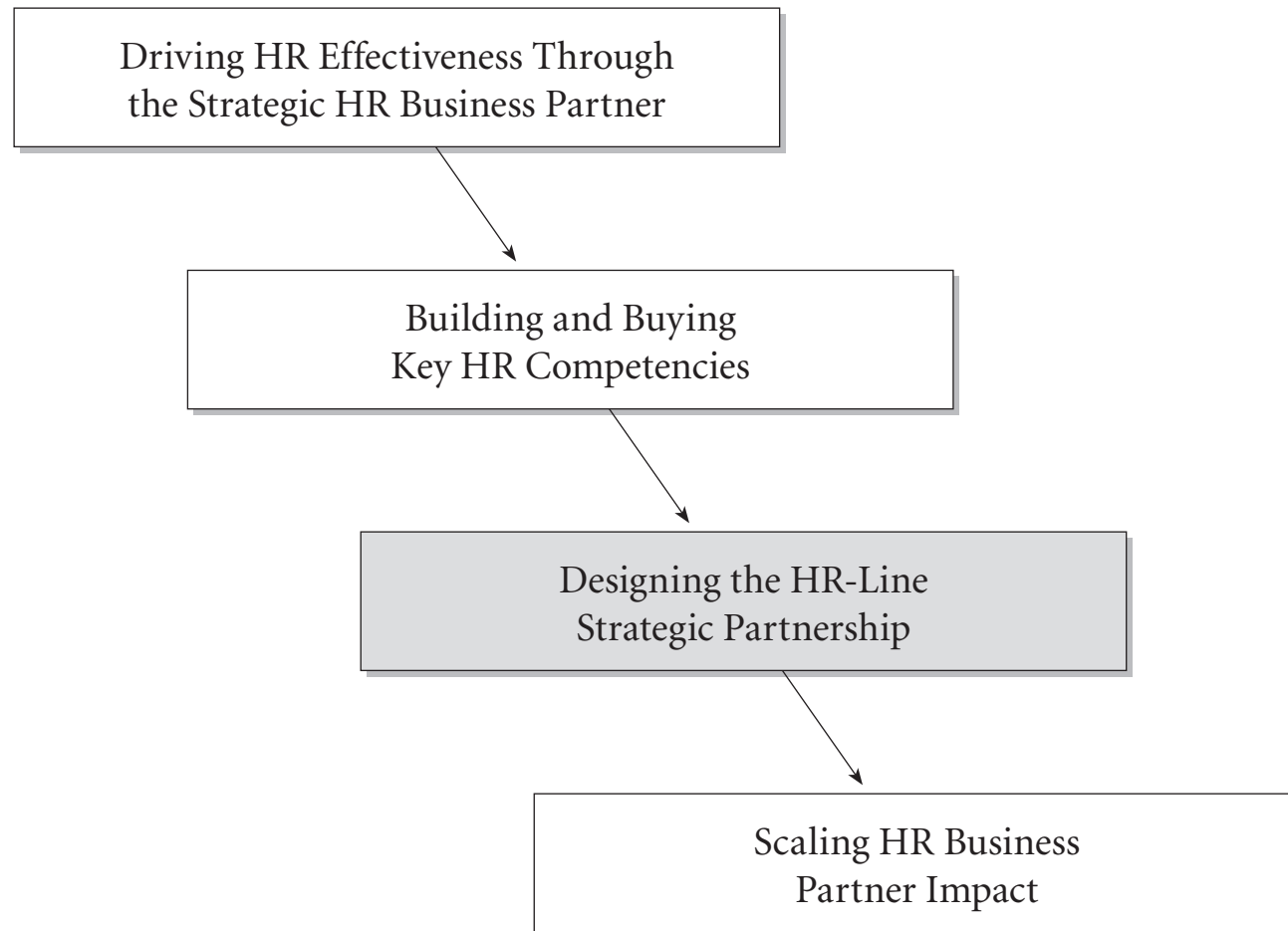
Profiled Case



Business-Aligned HR Service Delivery

Source: Corporate Leadership Council research.

ROAD MAP FOR THE DISCUSSION



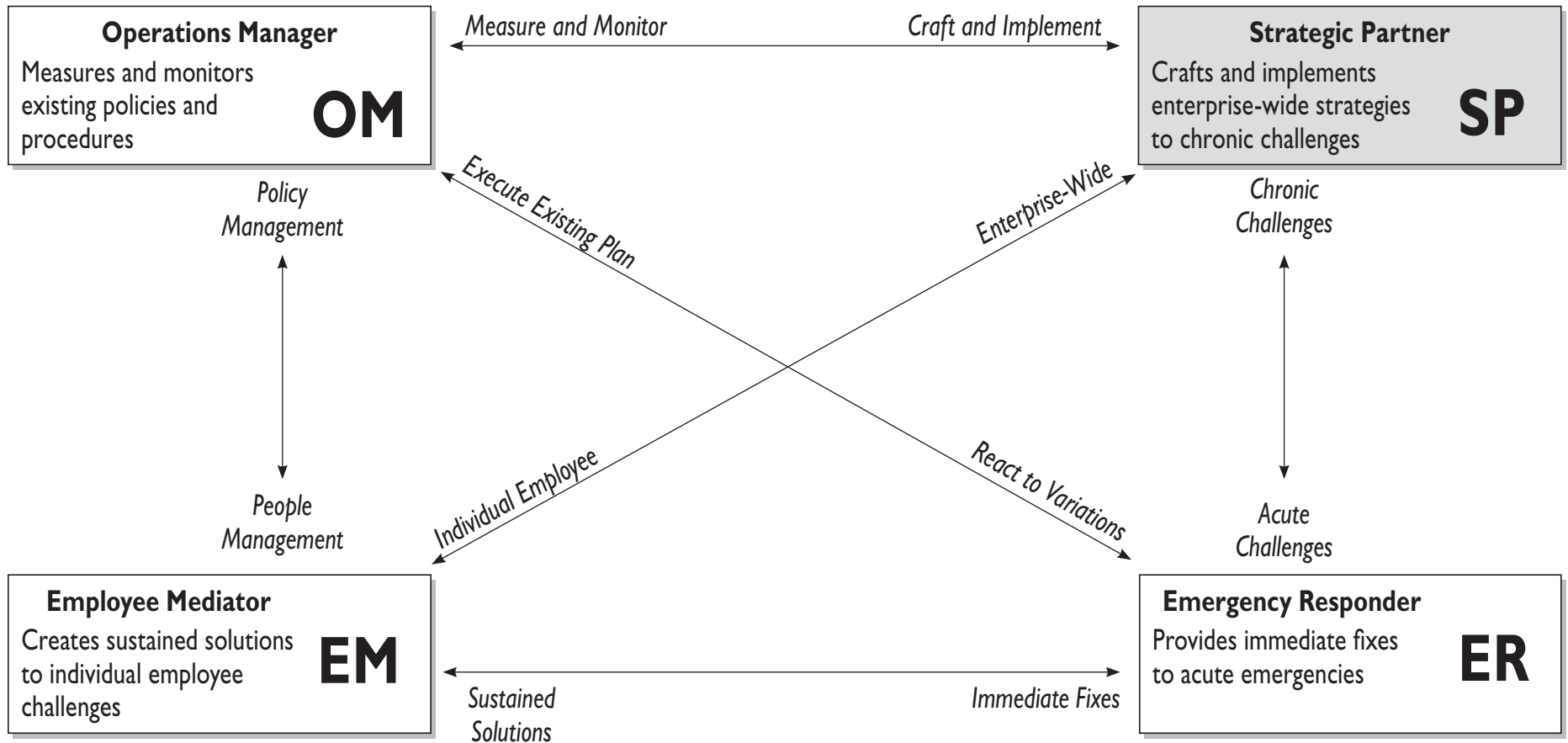
MANAGING THE TENSION IN THE HRBP JOB

- ☞ The HRBP job is actually four roles in one, and there are inherent tensions involved in allocating and managing the time and effort to perform effectively across each one.
- ☞ As a Strategic Partner, for instance, the HRBP needs to not only craft and implement solutions from an enterprise viewpoint, but also measure and monitor the needs of individual employees. They must also diagnose and address chronic long-term challenges while managing the day-to-day issues that may arise.

THE HRBP JOB IS ACTUALLY FOUR JOBS

HRBPs must balance tensions between the different roles they play

Differences Between HRBPs' Four Roles



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

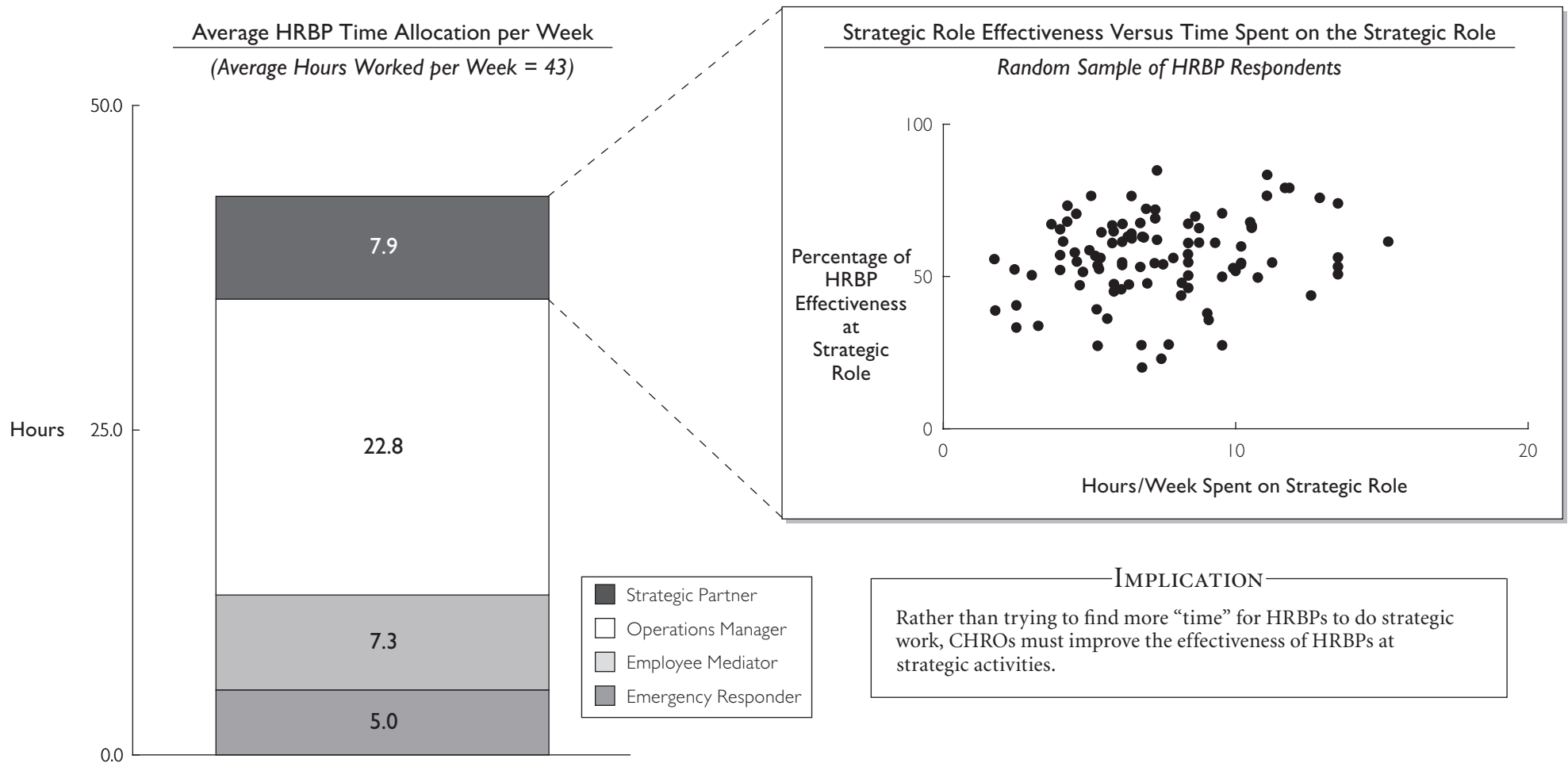
QUALITY OF ROLE PERFORMANCE, NOT QUANTITY OF TIME SPENT, MATTERS MOST

- ☞ HR often assumes time spent on the strategic role is the factor that determines HRBP effectiveness in the strategic role.
- ☞ Council research shows that there is no clear linear relationship between additional time spent on the strategic role and strategic effectiveness levels, and that high effectiveness levels are possible with relatively low time investments.
- ☞ Therefore, CHROs should focus on helping HRBPs achieve greater effectiveness in the strategic role given the time they are able to allot to it, rather than merely focusing on increasing available bandwidth.

Myth: Not Enough Time for Strategic Work

REALITY: EFFECTIVENESS AT THE STRATEGIC ROLE, NOT TIME SPENT, DRIVES IMPACT

Strategic effectiveness is independent of the number of hours spent on the strategic role



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

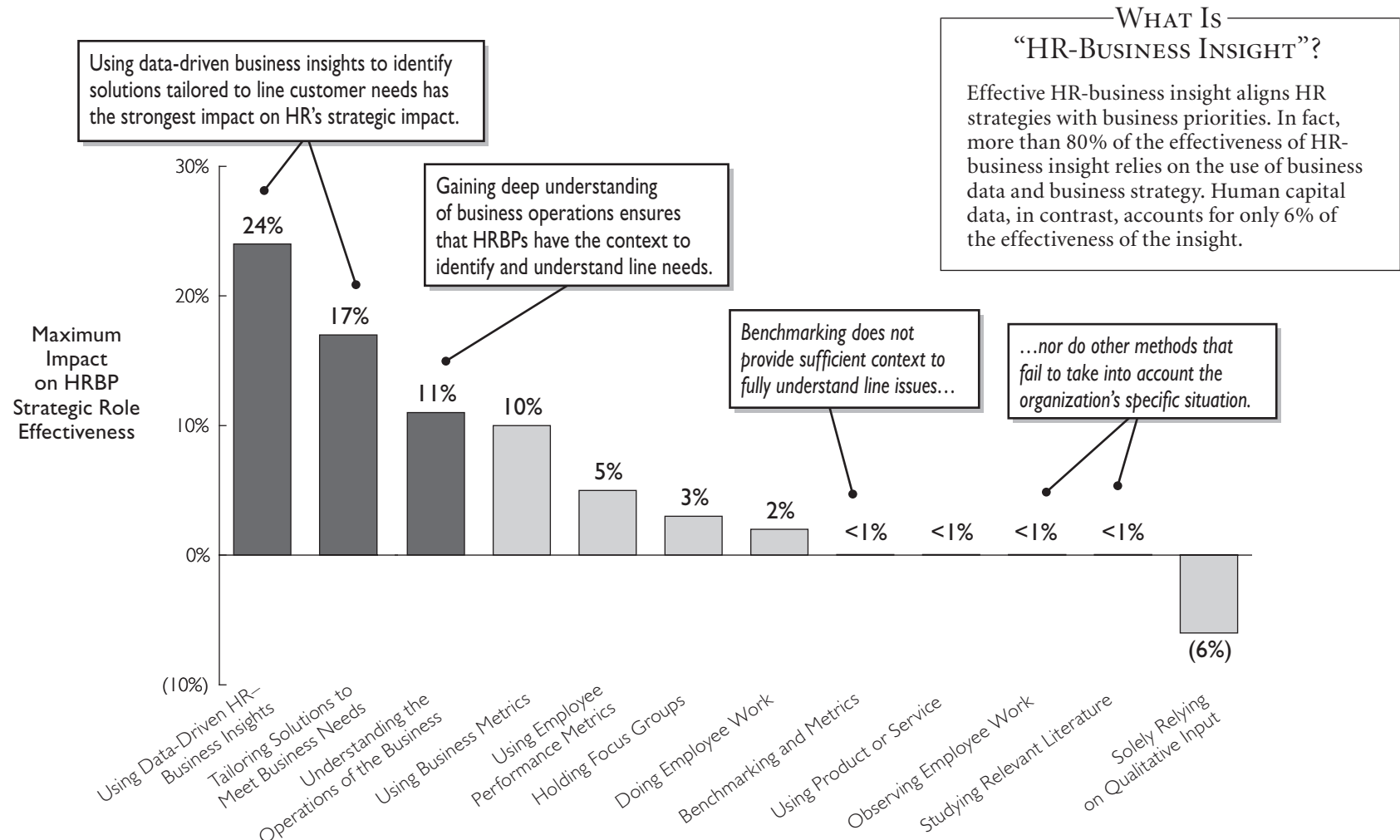
LEARNING ABOUT LINE CUSTOMER NEEDS

- ☞ Among the behaviors that enable strategic line interactions, development of data-driven business insights that target emerging talent and business issues, and tailoring solutions to line customer needs have the greatest impact.
- ☞ HRBPs need to increase their ability to use metrics and proactively partner with the line on a regular basis to understand line needs and develop appropriate solutions.
- ☞ HRBPs can improve their effectiveness in interacting with the line by obtaining a firm understanding of line's business objectives.
- ☞ HRBPs should actively study line operations—gaining deep understanding of business operations ensures HRBPs have a context-driven understanding of the business and familiarity with line needs.
- ☞ HRBPs are unable to gain a comprehensive understanding of line priorities through passive activities such as benchmarking, observing line employees' work, or studying literature. In fact, these activities, in isolation, may even have a negative impact on strategic role effectiveness.

HRBPs SHOULD OFFER TAILORED, DATA-DRIVEN SOLUTIONS

Data-driven solutions tailored to specific line needs increase HRBP strategic effectiveness when working with the line

Impact of Insight Development Behaviors on Strategic Role Effectiveness*



* Dark gray bars indicate HRBP–line partnership hallmarks.

Note: Each bar represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores “high” on a driver and the predicted impact when an HRBP scores “low” on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

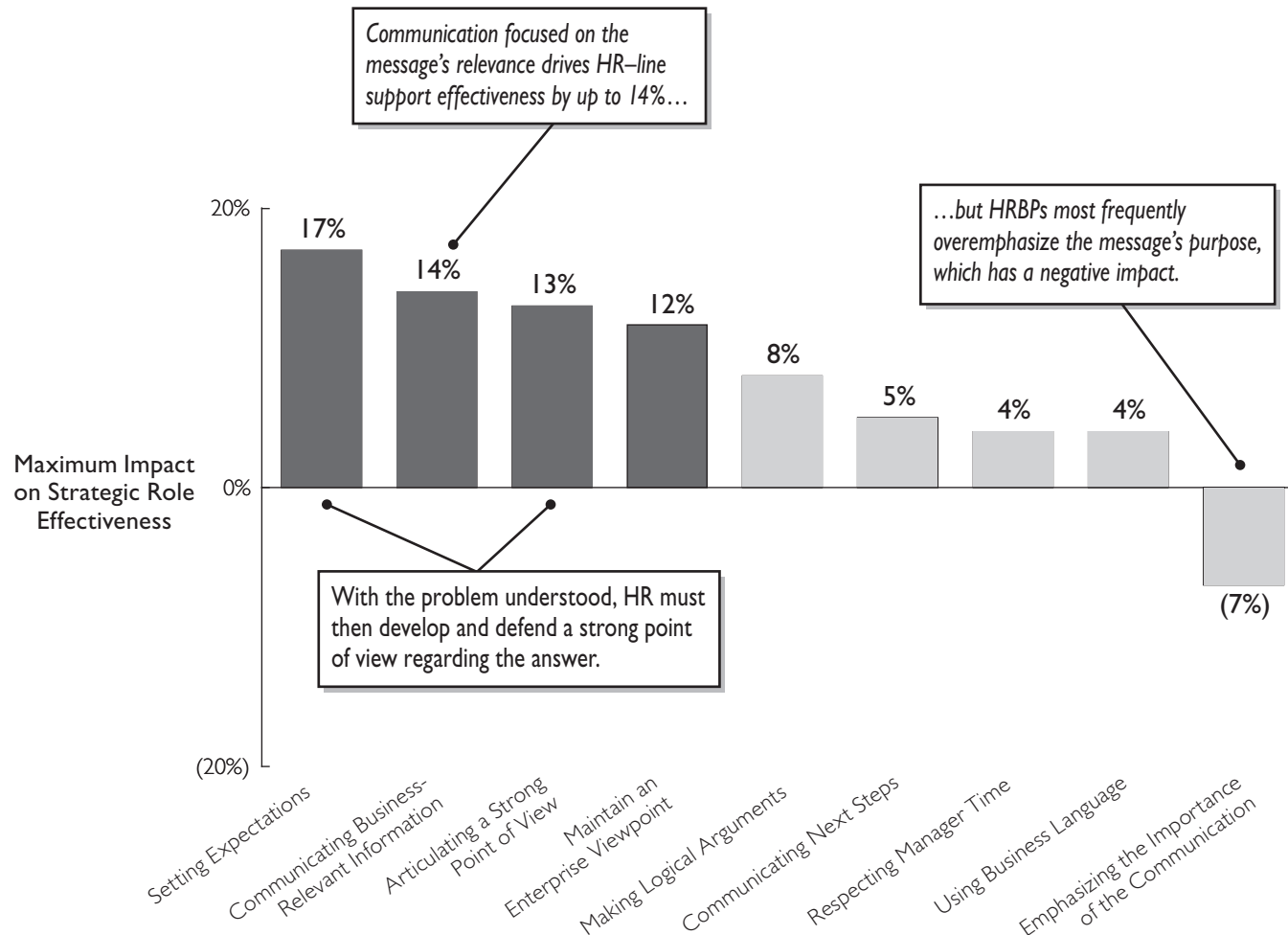
ACCURATELY DIAGNOSING LINE NEEDS IS CRITICAL TO SOLUTION DELIVERY

- ☞ After accurately diagnosing a problem, HRBPs should then develop and defend a strong point of view regarding the solution and set clear expectations around its delivery.

ARTICULATE AND DEFEND A STRONG POINT OF VIEW

HRBPs must actively influence line actions and strategy to fully achieve strategic insight

Impact of Influence Behaviors on Strategic Role Effectiveness*



NO OPTIMAL COMMUNICATION CHANNEL

In addition to communication strategy, the Council also tested the effectiveness of different communication channels:

- Face-to-face meetings
- Telephone
- Voicemail
- E-mail
- HR Web site
- Newsletter

No one channel is particularly more effective than another. HRBPs should always select the most expedient and efficient means of communication.

* Dark gray bars indicate HRBP–line partnership hallmarks.

Note: Each bar represents a statistical estimate of the maximum total impact on strategic role effectiveness that each behavior will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores "high" on a behavior and the predicted impact when an HRBP scores "low" on a behavior. The effects of all behaviors are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

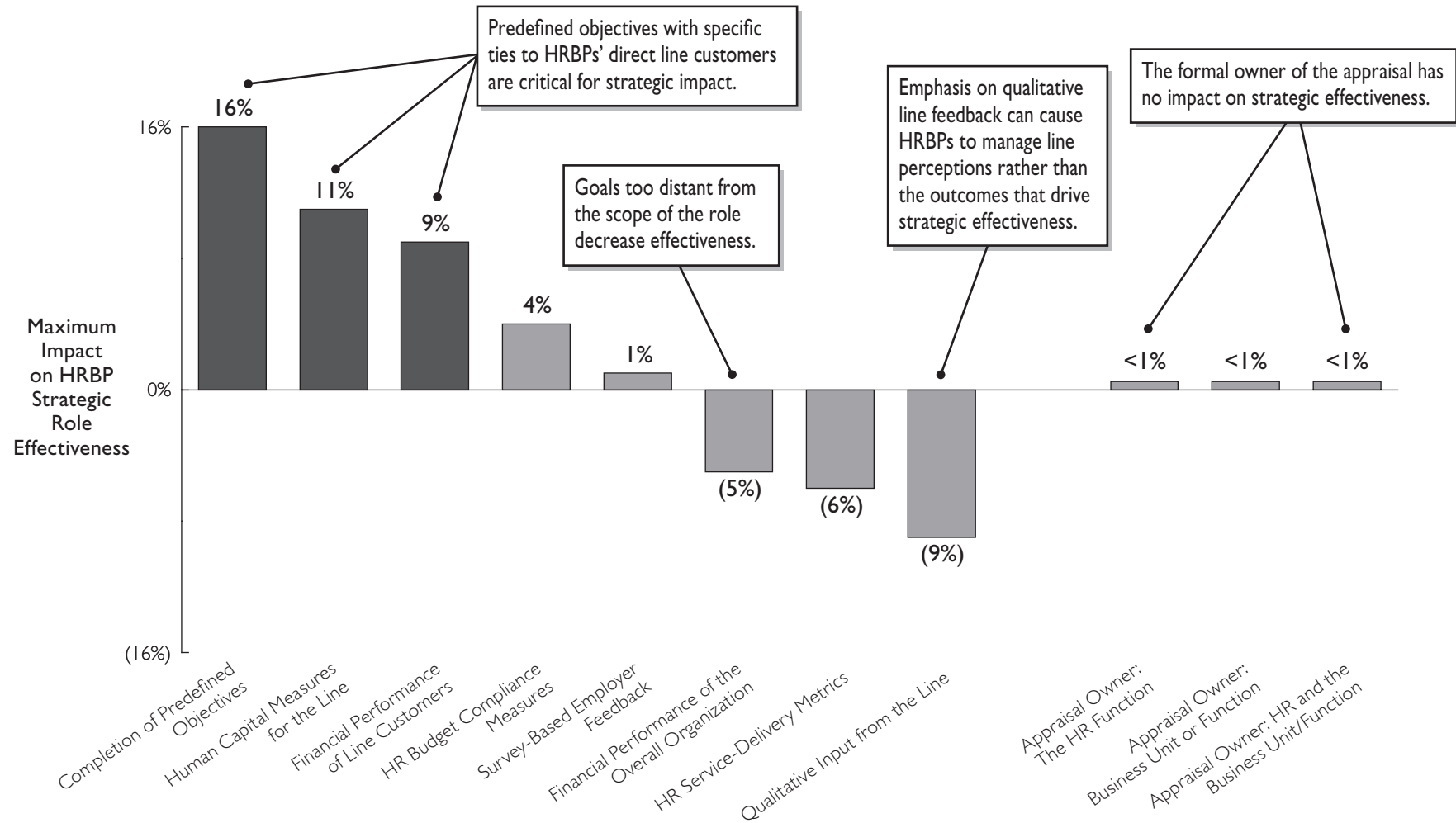
IMPACT OF HRBP PERFORMANCE EVALUATION CRITERIA ON STRATEGIC ROLE EFFECTIVENESS

- ☞ The content of the HRBPs performance appraisal, rather than the owner of the HRBPs review (i.e. HR, the line, or both), impacts strategic role effectiveness.
- ☞ The best formal HRBP performance appraisals define formal performance objectives with specific ties to the outcomes critical to line customers, such as line human capital measures or the financial performance of the line, to promote strategic impact.
- ☞ Conversely, performance goals that are distant or outside the scope of the HRBPs core role, such as goals aligned with the organization's financial performance, may decrease HRBP effectiveness.
- ☞ Contrary to many organizations' current practices, organizations should use care when including qualitative line feedback in HRBP performance reviews. Line feedback may cause HRBPs to focus on non-strategic line perceptions, such as interpersonal skills or the "wrong" projects, rather than outcomes that drive strategic role effectiveness. Qualitative feedback certainly provides valuable perspective, but it should receive less weight within the review.

TIE HRBP ACCOUNTABILITY TO BUSINESS RESULTS

Goals tied to specific talent objectives and business results drive strategic role effectiveness

Impact of Accountability Criteria on HRBP Strategic Role Effectiveness*



* Dark gray bars indicate HRBP–line partnership hallmarks.

Note: Each bar represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores "high" on a driver and the predicted impact when an HRBP scores "low" on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

ACHIEVING EFFECTIVE HRBP–LINE PARTNERSHIPS

- ☞ Highly-effective HRBPs engage in three general behaviors that drive strategic effectiveness: generating HR-business insight, influencing the line with this insight, and holding themselves accountable for outcomes.
- ☞ “Insight” relies on the use of data-driven business information and a deep understanding of business operations to develop tailored solutions.
- ☞ “Influencing” the line starts with clear setting of service expectations, articulation of a strong point of view, maintaining an enterprise viewpoint, and communicating relevant information.
- ☞ “Accountability” for outcomes entails the completion of pre-defined objectives and effective management of human capital outcomes to deliver business impact.

THE 10 HALLMARKS OF A GREAT HRBP–LINE PARTNERSHIP

The best HRBPs drive business performance through a combination of insight creation, influence and accountability for results

Insight

I
Use Data-Driven Business Information
(Impact on Strategic Role Effectiveness = 24%)

II
Tailor Solutions to Business Needs
(Impact on Strategic Role Effectiveness = 17%)

III
Understand the Operation of the Business
(Impact on Strategic Role Effectiveness = 11%)

Influence

IV
Set Service Expectations
(Impact on Strategic Role Effectiveness = 17%)

V
Communicate Business-Relevant Information
(Impact on Strategic Role Effectiveness = 14%)

VI
Articulate a Strong Point of View
(Impact on Strategic Role Effectiveness = 13%)

VII
Maintain an Enterprise Viewpoint
(Impact on Strategic Role Effectiveness = 12%)

Accountability

VIII
Be Measured on Completion of Predefined Objectives
(Impact on Strategic Role Effectiveness = 16%)

IX
Be Measured on Business Unit Human Capital Outcomes
(Impact on Strategic Role Effectiveness = 11%)

X
Be Measured on Business Unit Financial Performance
(Impact on Strategic Role Effectiveness = 9%)

Source: Corporate Leadership Council, HR–Line Support Effectiveness Survey; Corporate Leadership Council research.

HR BUSINESS PARTNER SOLUTION-DELIVERY TOOLKITS



Industry: Computer Hardware
Revenue (FY2006): US\$9.2 Billion
Employees: ~45,000
Number of HR Business Partners: 45
Headquarters: Scotts Valley, California

Goal: To enable high-impact interactions between business partners and the line by addressing variability in HRBP skills and lack of HRBP visibility of organizational best practices.

Description

This strategy is a process for leveraging the best practices and tools of successful HRBPs to improve the performance of all business partners. Specifically, Seagate provides HRBPs with toolkits containing best practice resources from high-performing HRBPs for resolving difficult and common client challenges. The toolkits enable the broader population of HRBPs to more effectively diagnose business problems and guide them toward step-by-step implementation resources to standardize best-in-class solution delivery across the organization.

Key Teachings

- Identify most common, highest-impact line talent challenges
- Identify critical barriers to solving key talent challenges
- Identify and syndicate best practice solutions
- Leverage new innovations to improve tools over time

Results

- Fewer HRBPs viewed as needing improvement in delivering strategic-oriented solutions: 26% reduction in the size of the original HRBP population viewed as “ineffective” in this area
- Increased leverage: 8% increase in the HRBP population viewed as “effective” in delivering strategic oriented solutions
- Increased productivity through the use of out-of-the-box solutions

Addresses 6 of the 10 HRBP–Line Partnership Hallmarks

Insight

Use Data-Driven Business Information

Tailor Solutions to Business Needs

Understand the Operation of the Business

Influence

Set Service Expectations

Communicate Business-Relevant Information

Articulate a Strong Point of View

Maintain an Enterprise Viewpoint

Accountability

Be Measured on Completion of Predefined Objectives

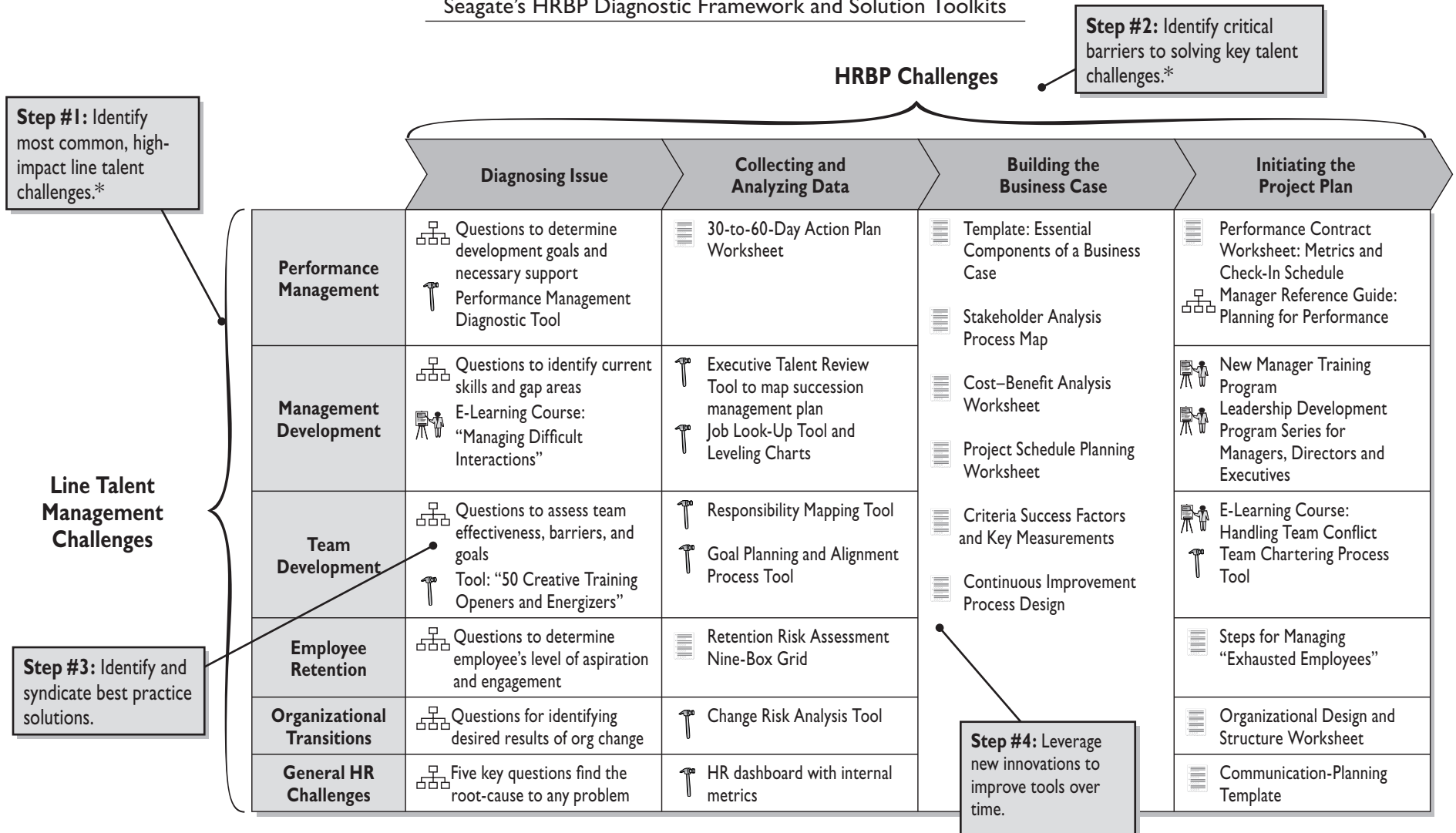
Be Measured on Business Unit Human Capital Outcomes

Be Measured on Business Unit Financial Performance

SCALING BEST PRACTICE HRBP SOLUTIONS

Seagate creates an integrated HRBP client issue–solution framework to identify HRBP support needs and builds a road map for best practices toolkit development to improve enterprise-wide HRBP solution delivery

Seagate's HRBP Diagnostic Framework and Solution Toolkits



* For more detail on Steps #1 and #2, please see Appendix.

Source: Seagate Technology LLC; Corporate Leadership Council research.

STRATEGY ENABLED HRBP—LINE PARTNERSHIPS

Pepsi Bottling Group

A strategy to enable a more effective relationship between the HRBP and Line Manager by clarifying strategic expectations of the HRBP role, enabling a business-focused HR planning process, and creating shared Line Manager–HRBP accountability for talent outcomes.

Company Profiled



Industry: Beverages

Revenue: US\$12.7 Billion

Employees: 70,400

Headquarters: Somers, NY

Number of HR Business Partners: 135

Situation

A poor HRBP–Line relationship that fails to support business outcomes results from the lack of clear strategic expectations for the HRBP role, poor alignment of the HR and strategic planning process and lack of shared HR–Line accountability for people outcomes.

Actions

Clear strategic expectations of the HRBP role combined with a business-aligned HR planning process and shared HRBP–Line GM accountability for HR outcomes enable a more effective HR–line relationship.

Key Steps

- Step #1: Set Expectations for Strategic Behaviors
- Step #2: Enable the Strategic HRBP–Line Relationship
- Step #3: Create Mutual Accountability for Talent Outcomes

Results

Increased performance against PBG's strategic goals:

- Five percent increase in frontline engagement
- Twenty-two percent reduction in frontline turnover
- Twenty percent increase in diversity among management and executive ranks
- \$80 million saved in more than three years from reductions in workplace injury compensation cost

Addresses Seven of the Ten HRBP–Line Partnership Hallmarks:

Insight

Use Data-Driven Business Information

Tailor Solutions to Business Needs

Understanding the Operations of the Business

Influence

Set Service Expectations

Communicate Business-Relevant Information

Articulate a Strong Point of View

Maintain an Enterprise Viewpoint

Accountability

Be Measured on Completion of Pre-Defined Objectives

Be Measured on Business Unit Human Capital Outcomes

Be Measured on Business Unit Financial Performance

Source: Pepsi Bottling Group; Corporate Leadership Council research.

PBG improves the strategic impact of the HRBP role by enabling a more business-focused and productive HRBP–line interaction

[illegible]

- Business-focused HRBP competency and behavioral models
- Business-oriented HRBP onboarding program

Business Unit A Annual Operating Plan		HR Dispositions		Expected Results
Business Results Sales Top Line		Integrated into "Leading Our People" Objectives		
		Integrated into "Leading Our People" Objectives		
Costing Cost	Salary Labor Relations Risk Management People Productivity	Salary • Implement new salary tracking course • Enhance salary management Risk Management • Enhance bargaining preparation and execution People Productivity • Increase R&D exposure • Develop new R&D projects • Increase R&D people investments • Fully staff R&D people	• 10% improvement of salary control • 10% increase in new R&D hiring • 10% for Workforce • 10% decrease in attrition • 10% increase in productivity • 10% saving in labor cost	
		Expand Our Talent Advantage • Develop and manage strategic talent through Succession Management • Train new hires on P&ID employment preparation	• 10% increase in productivity • 10% increase in new hire retention • 10% increase in customer service • 10% increase in customer service	
		Connect with the Pipeline • Implement new pipeline monitoring program • Increase exposure on people management system	• 10% increase in customer service • 10% increase in customer service • 10% increase in customer service	
		Dine Diversity and Inclusion • Increase diverse executive representation Engaging Our People • Increase an internal engagement survey • Roll out new wellness program	• 10% increase in productivity • 10% increase in new hire in onboarding program • 10% increase in customer service • 10% increase in customer service	

- HR planning process integrated with business plans
- Joint GM and HRBP HR planning session focused on achievement of business outcomes

Business Results

Weighting	Objectives	Expected Results
25%	Active sales targets Reduce cancellations due to US	+15% from 2014 +2.5% from 2013
25%	Safety People Productivity	Active safety index targets Increase productivity Improve productivity from 2014 Improve productivity from 2013
50%	Financial Capability Employee Engagement Diversity	Improve VOP Improve employee scores Increase safety ratings

Leading Our People

Weighting	Objectives	Expected Results
50%	Developing Talent Employee Engagement Diversity	+15% from 2014 +2.5% from 2013
50%	Safety People Productivity	Active safety index targets Increase productivity Improve productivity from 2014 Improve productivity from 2013

Signature Section:

Signature: _____ Title: HR Business Partner
 Date: 1/15/2015 Location: Cleveland, OH

- Joint line manager–HRBP accountability for talent and business outcomes

BUILDING NEXT-GENERATION HR—LINE PARTNERSHIPS

Optimizing HR business partner role and capability investments

BUILDING AND BUYING KEY HRBP COMPETENCIES

- Build HRBP competencies in business acumen, innovation, leadership, metrics and workforce management to drive impact.
- Restructure the HR Employment Value Proposition to address compensation and career opportunity mismatches to attract top talent from outside HR.
- Design on-the-job experiences to capitalize on key learning opportunities already within the work of the HRBP.

Profiled Case



HRBP Job-Integrated Development Experiences

DESIGNING THE HR—LINE STRATEGIC PARTNERSHIP

- Focus the HRBP role on generating insights, managing through influence, and accountability for results.
- Target role support resources towards line prioritized HR problems that are most difficult to implement.
- Integrate HRBPs into strategy planning and measure them on business-unit level talent and business outcomes, not process metrics or organization-wide results.

Profiled Case



HR Business Partner Solution-Delivery Toolkits

Profiled Case



Strategy-Enabled HRBP—Line Partnerships

SCALING HR BUSINESS PARTNER IMPACT

- How should HRBPs be deployed across the organizations?
- How can organizations leverage resources from the center in support of HRBPs?

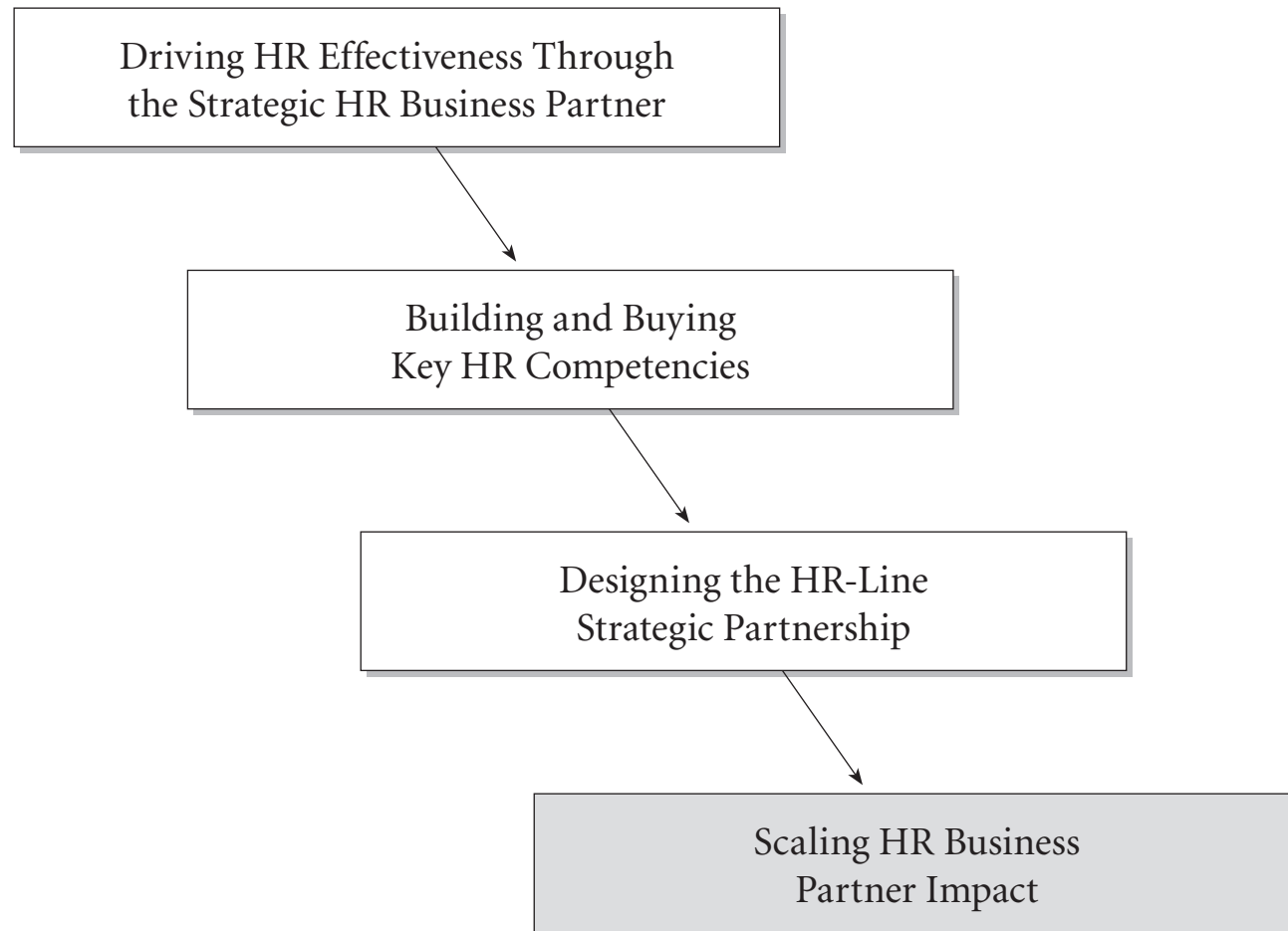
Profiled Case



Business-Aligned HR Service Delivery

Source: Corporate Leadership Council research.

ROAD MAP FOR THE DISCUSSION



IMPROVING THE STRATEGIC PERFORMANCE OF ALL HRBPs

- ☞ In addition to engaging in activities that improve the performance of individual HRBPs, CHROs should examine strategies that have the potential to improve the strategic effectiveness of all of their HRBPs.
- ☞ The data below is from Alpha Company*, one of the organizations that participated in the survey. Without changing the person within the role or how they interact with the line, improved deployment and resource allocation can improve the performance of all of their HRBPs by as much as 13%.

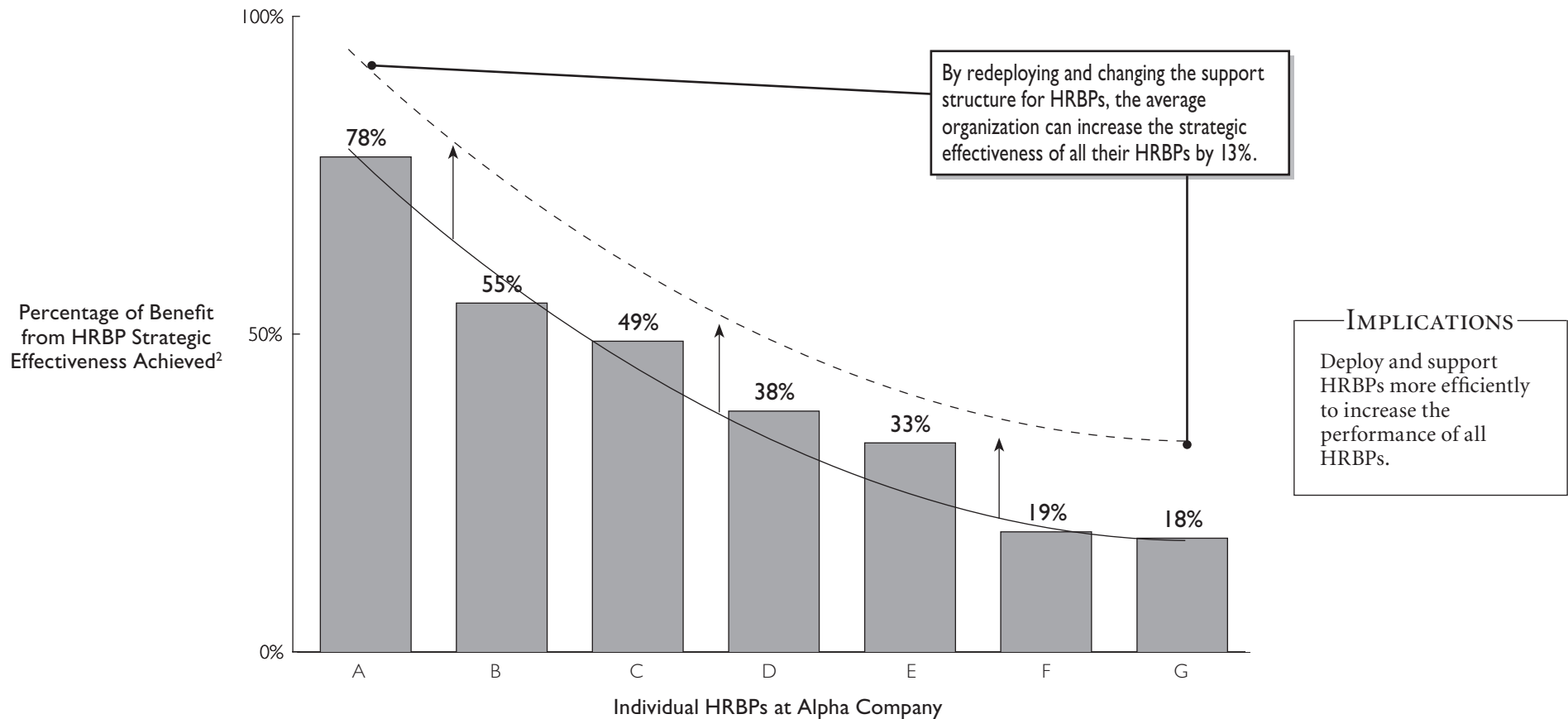
* Pseudonym.

MOST ORGANIZATIONS INEFFICIENTLY LEVERAGE THEIR HRBPs

HR should pursue strategies for raising the performance of all HRBPs

Distribution of Business Partners at Alpha Company¹

Current State Versus Efficient State



¹ Pseudonym.
² The height of the bar represents the percentage of the total benefit achieved from strategic role effectiveness, e.g., because an HRBP is highly successful at the strategic partner role and has already achieved 78% of the total benefit from it.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

GETTING MAXIMUM IMPACT FROM HRBP RESOURCES

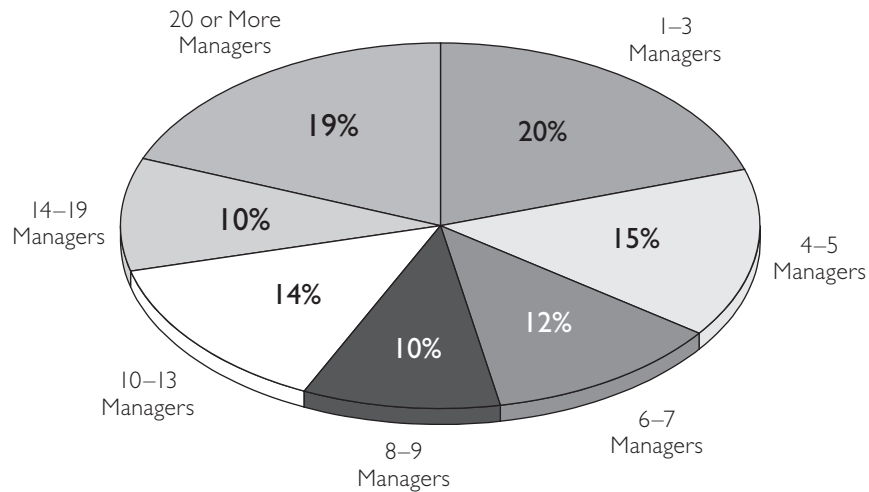
- ☞ Challenge #1: Organizations must decide which and how many line managers their HRBPs will support.
- ☞ Challenge #2: Heads of HR must improve the effectiveness of their central HR teams in supporting HRBPs in delivering the talent outcomes required by the business.

TWO ORGANIZATION-LEVEL CHALLENGES IN MAXIMIZING HRBP IMPACT

To lift the performance of all HRBPs, organizations must deploy them effectively and support them with resources from the center

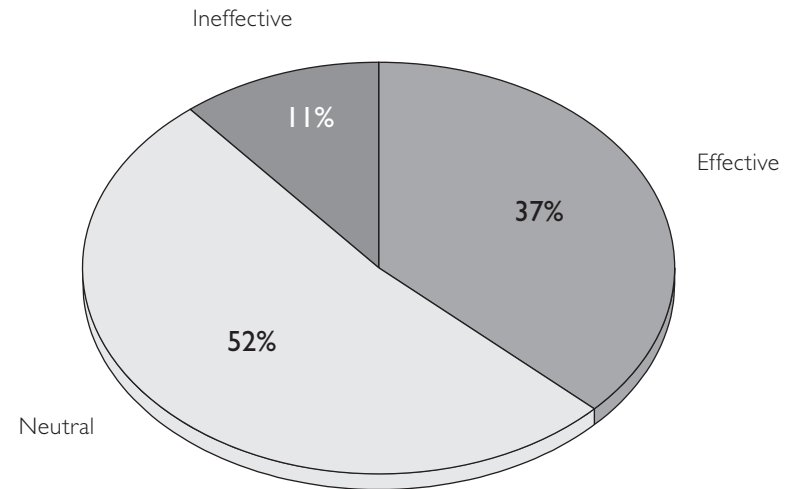
I. Optimizing HRBP Deployment

Percentage of HRBPs by Number of Managers Supported*



II. Optimizing HRBP Support from the Center

Percentage of HRBPs Reporting Effective Support from the Center



* Line clients who are director-level and above.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

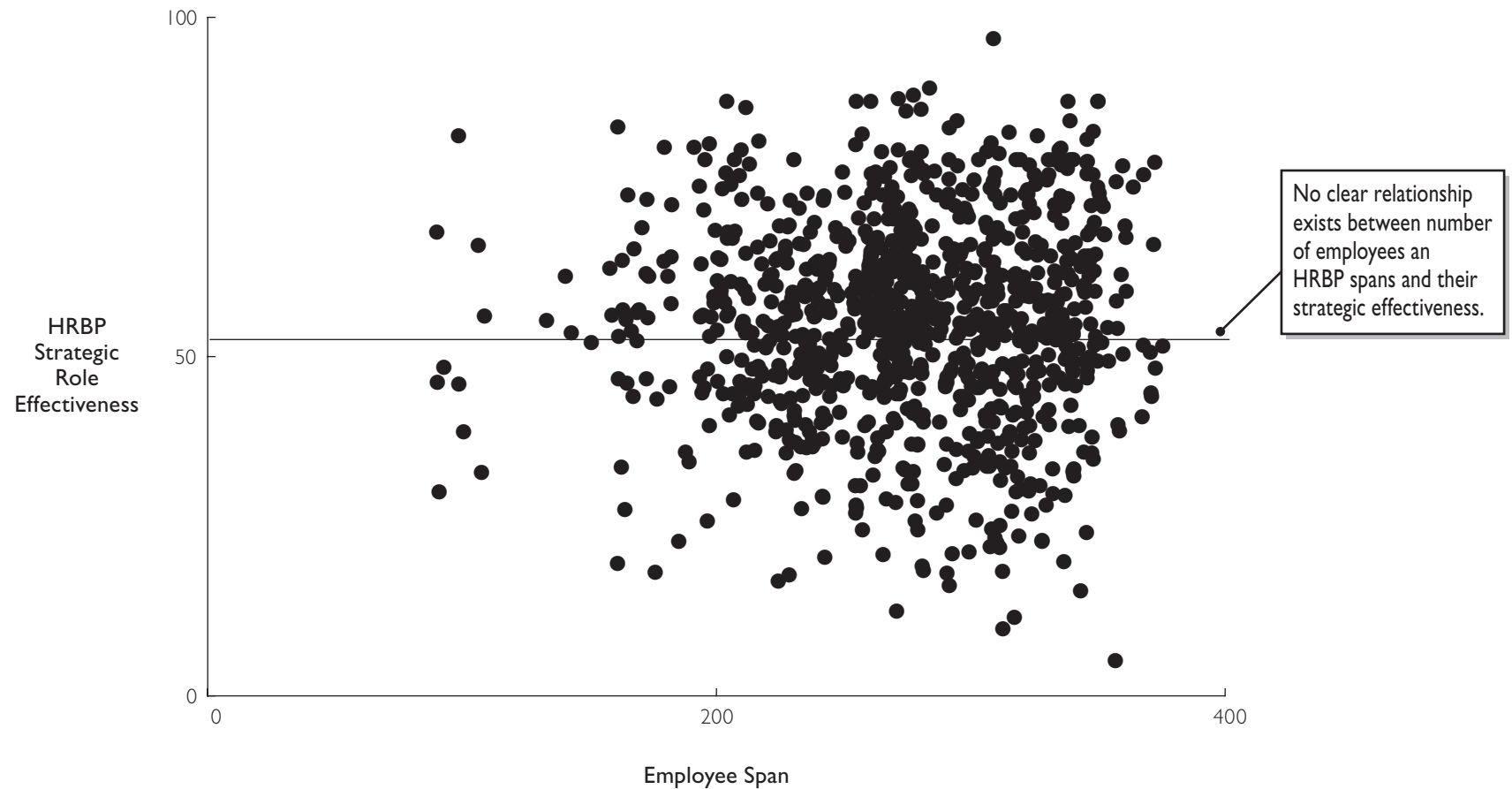
DETERMINING HRBP SPAN

- ☞ When designing the HRBP role, what metric should HR use to determine the HRBP's span?
- ☞ The most frequently used metric for an HR employee's span is total number of employees across the units/functions covered, which works well for optimizing efficiency for operational or employee relations roles.
- ☞ This metric does not predict success within the strategic role however, as shown by the graph below. Some HRBP's who are highly successful span 300 employees, while others who are very ineffective may span less than 100.
- ☞ A more predictive measure is the number of senior-level managers the HRBP spans, as shown on the following page.

USING THE WRONG METRIC?

HRBP allocation by number of FTEs does not enable strategic effectiveness

HRBP Strategic Role Effectiveness by Employee Span



Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

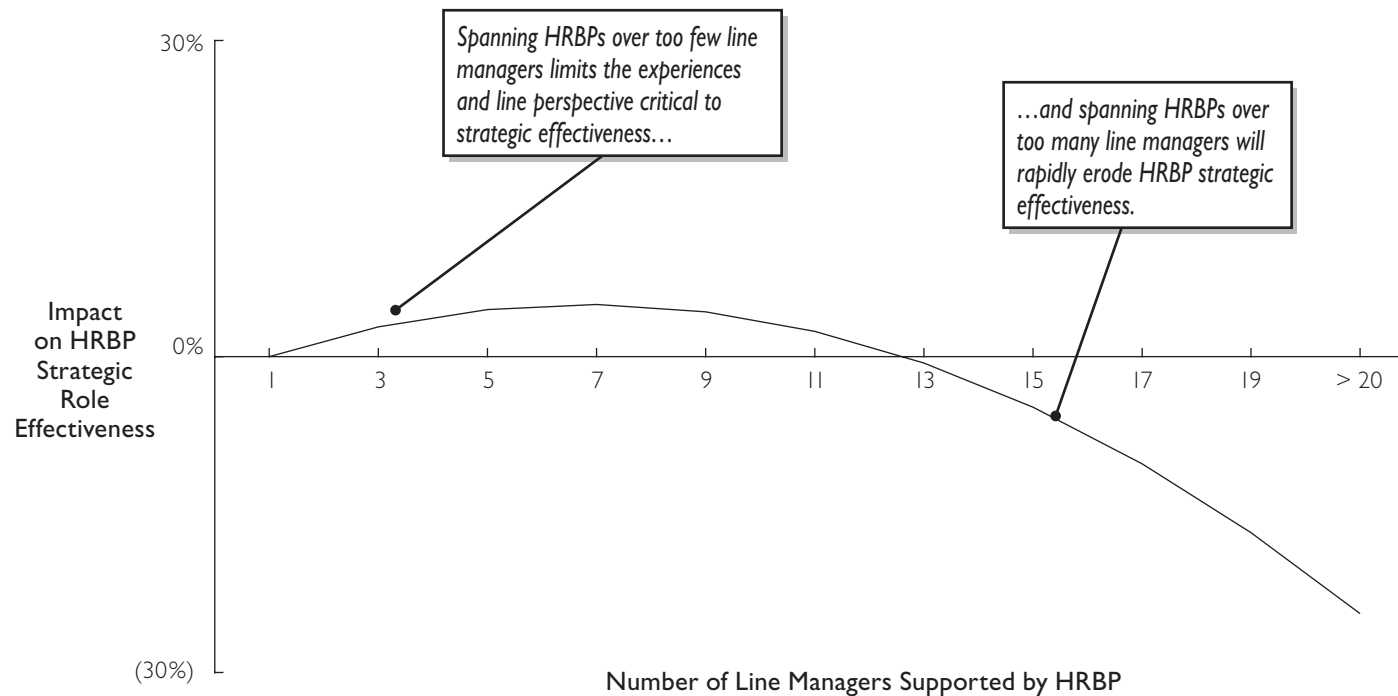
DETERMINING THE OPTIMAL SPAN OF HRBP–LINE RELATIONSHIPS

- ☞ Spanning HRBPs over too few line managers limits the experiences and line perspective critical to achieving strategic effectiveness, while responsibility for too many client groups can overwhelm the HRBP and greatly damage strategic effectiveness.
- ☞ To capitalize on the importance of optimizing HRBP spans, CHROs should rationalize the number of HRBP-line relationships to ensure that HRBPs thoroughly learn their clients' business and workflows.

ALLOCATE HRBPs ACCORDING TO NUMBER OF MANAGERS

Strategic impact can rapidly diminish if HRBPs manage too many senior-level clients

Impact of Number of Line Manager Relationships (VP-Level and Above) on Strategic Role Effectiveness



—NO MAGIC NUMBER—

CHROs must optimize the number of client relationships to ensure HRBP strategic role effectiveness. While the exact range will vary from organization to organization, for the average HRBP this is between 5 and 11 line managers.

Note: The line represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates; the predicted impact when an HRBP scores "high" on a driver and the predicted impact when an HRBP scores "low" on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

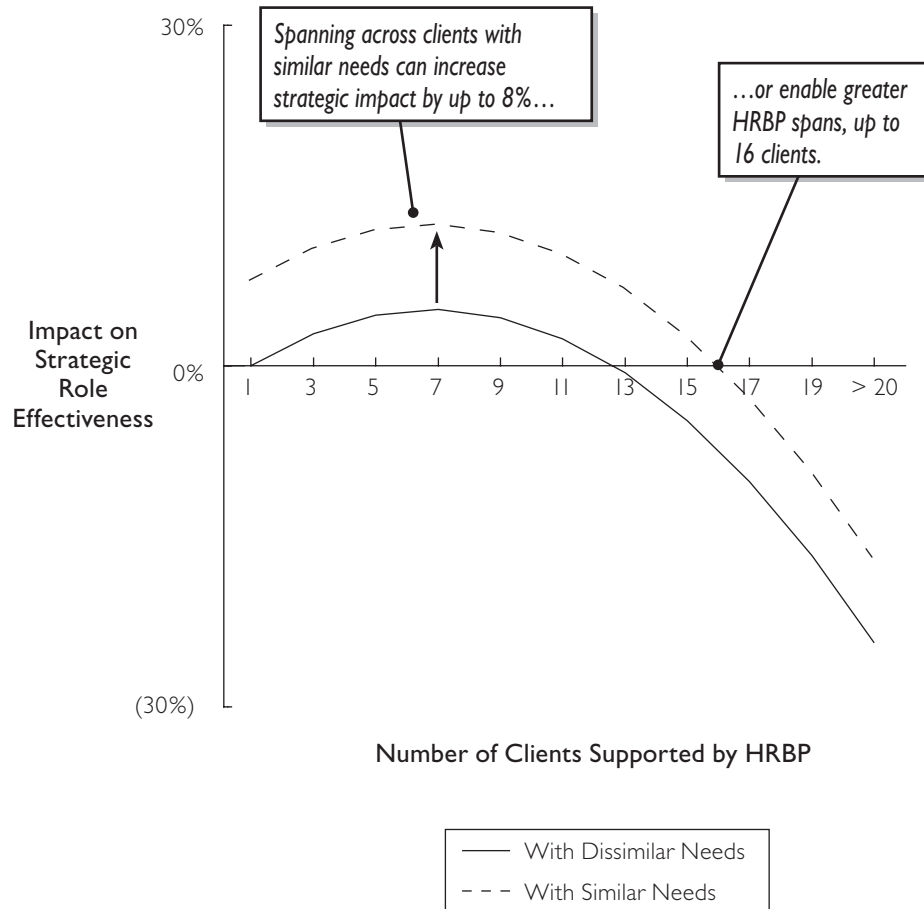
FINDING OPTIMAL HRBP SPAN

- ☞ CHROs must also align HRBPs against line customers with similar day-to-day needs—deploying HRBPs against line customers with substantially different needs undermines the cohesive line understanding required to deliver strategic impact.
- ☞ Spanning HRBPs across clients with similar needs provides flexibility to either increase HRBPs' strategic impact or enable greater client span.
- ☞ To help CHROs determine whether a HRBP's line clients have significantly different needs, the Council has created four rules for identifying high variation in client needs, based on analysis of how function and industry impact the needs of line managers. This analysis utilized both the perspective of HRBPs as well as the prioritization of different HR needs provided by line managers.
- ☞ HR should stretch HRBPs across fewer clients when their clients manage highly diverse workforces (multiple job types, skill sets, employee backgrounds, etc.), are involved in product creation, or are experiencing a high degree of business change due to either internal strategy changes or broader industry conditions. Functional disciplines that are undergoing a high degree of change also need a greater degree of support, such as IT or supply chain management.

LEVERAGE SIMILARITY OF LINE NEEDS TO INCREASE HRBP SPAN

Maximize similarity of client needs when spanning HRBPs across multiple line managers to either increase impact or increase HRBP span

Impact of Spanning HRBPs Across Clients with Similar Needs



Four Rules for Identifying Where Client Needs Will Be Dissimilar

- ① **Workforce Variation Within Unit**—Variation in manager needs will increase according to variation in the types of staff employed within a unit or function.
- ② **Involvement in Product Creation**—Managers in units or functions involved in product creation will have greater variation in needs than managers in functions or product/service-delivery units.
- ③ **Degree of Business Change**—Variation in needs will increase for product/service-delivery staff during times of significant business change, whether as a result of changes in organization strategy or larger industry changes.
- ④ **Advancing Functional Disciplines**—Variation in needs will increase for functional managers when their disciplines are undergoing significant change, such as information technology upgrades or process redesigns.

Note: The line represents a statistical estimate of the maximum total impact on strategic role effectiveness that each driver will produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted impact when an HRBP scores "high" on a driver and the predicted impact when an HRBP scores "low" on a driver. The effects of all drivers are modeled using a variety of multivariate regressions with appropriate control variables.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

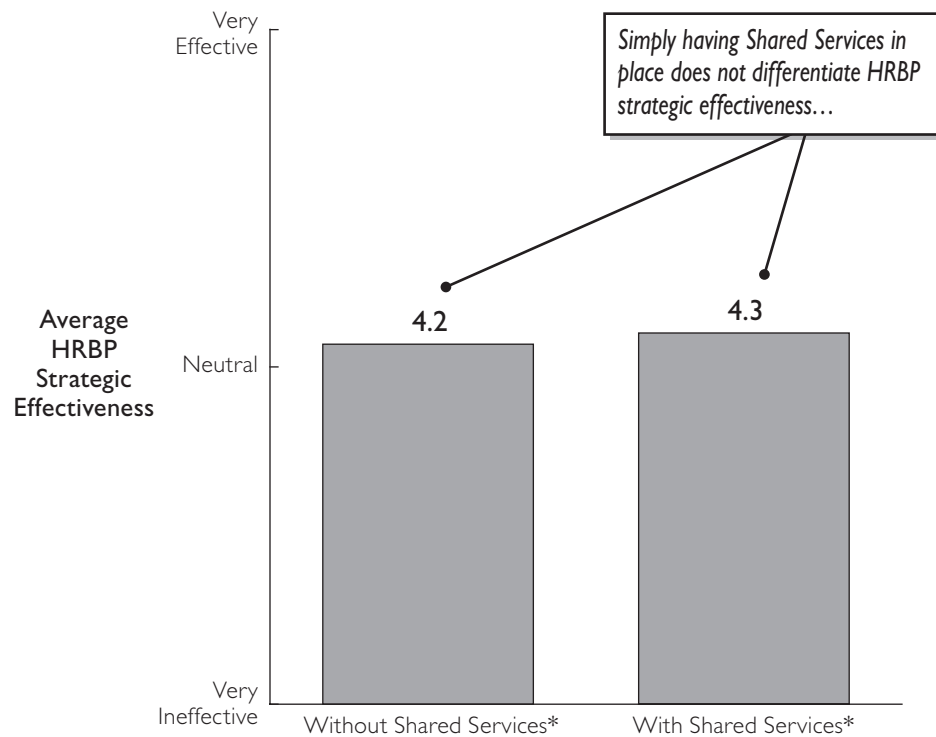
QUALITY, NOT JUST QUANTITY OF CENTRAL HR SUPPORT

- Effective support from central HR function such as Shared Services can increase HRBP strategic effectiveness by as much as fifteen percent.
- Simply adding a central HR team like shared services makes no difference in HRBP strategic effectiveness.

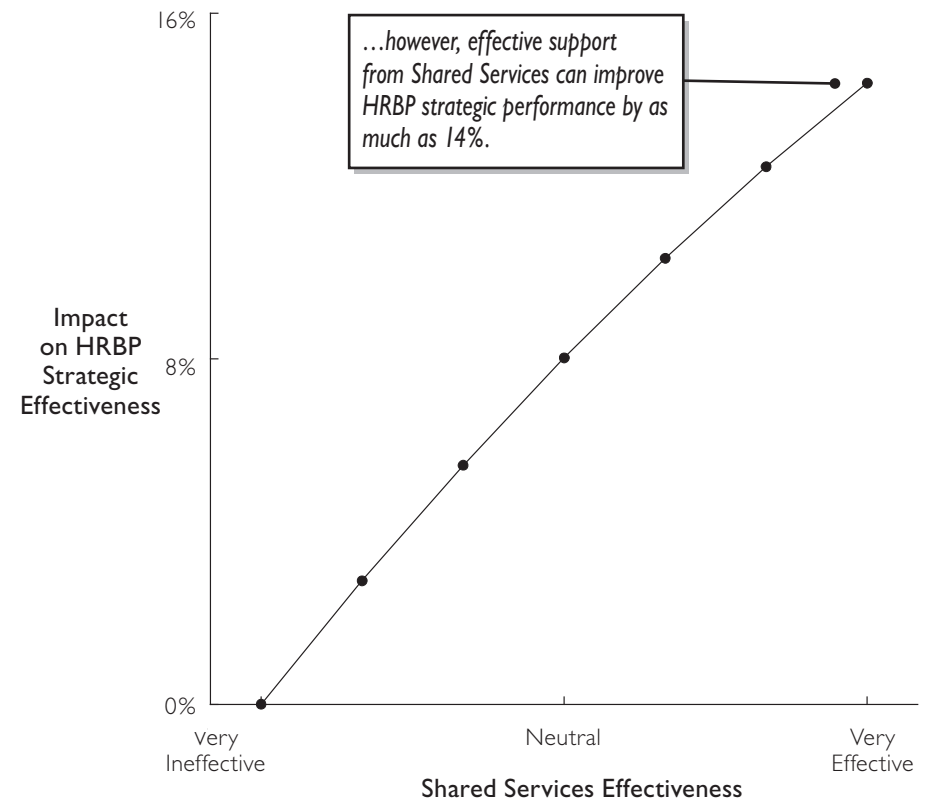
EFFECTIVE SUPPORT FROM THE CENTER DRIVES HRBP EFFECTIVENESS

Effective support from (not simply the presence of) Shared Services improves the strategic effectiveness of HRBPs

HRBP Strategic Role Effectiveness
by Presence of Shared Services



Impact of Shared Services Support
on HRBP Strategic Effectiveness



* Shared Services include Centers of Excellence (COEs) and other shared HR resources.

Source: Corporate Leadership Council, HR-Line Support Effectiveness Survey; Corporate Leadership Council research.

BUSINESS-ALIGNED HR SERVICE DELIVERY



Industry: Consumer Products
Revenue (FY2006): US\$2.4 Billion
Employees: 5,781
Number of HR Business Partners: 40
Headquarters: London, England

Goal: To empower HRBPs to align the HR function's priorities and resources to the high-impact needs of the business.

Description

Nestlé UK, Ltd., and Ireland implements an HR-planning process that enables the HR business partner to effectively steward an HR agenda driven by business unit needs while simultaneously ensuring execution of enterprise-wide priorities. HR business partners filter requests to Shared Services, while Shared Services prioritizes requests according to business need and scalability.

Key Teachings

- Enable the HRBP as the filter of HR Shared Services requests
- Establish an objective and systematic process for prioritizing funding for central HR requests
- Assign HRBP accountability for HR requests unfunded by central HR
- Enable the cross-enterprise HR team to negotiate on central HR funding requests under review

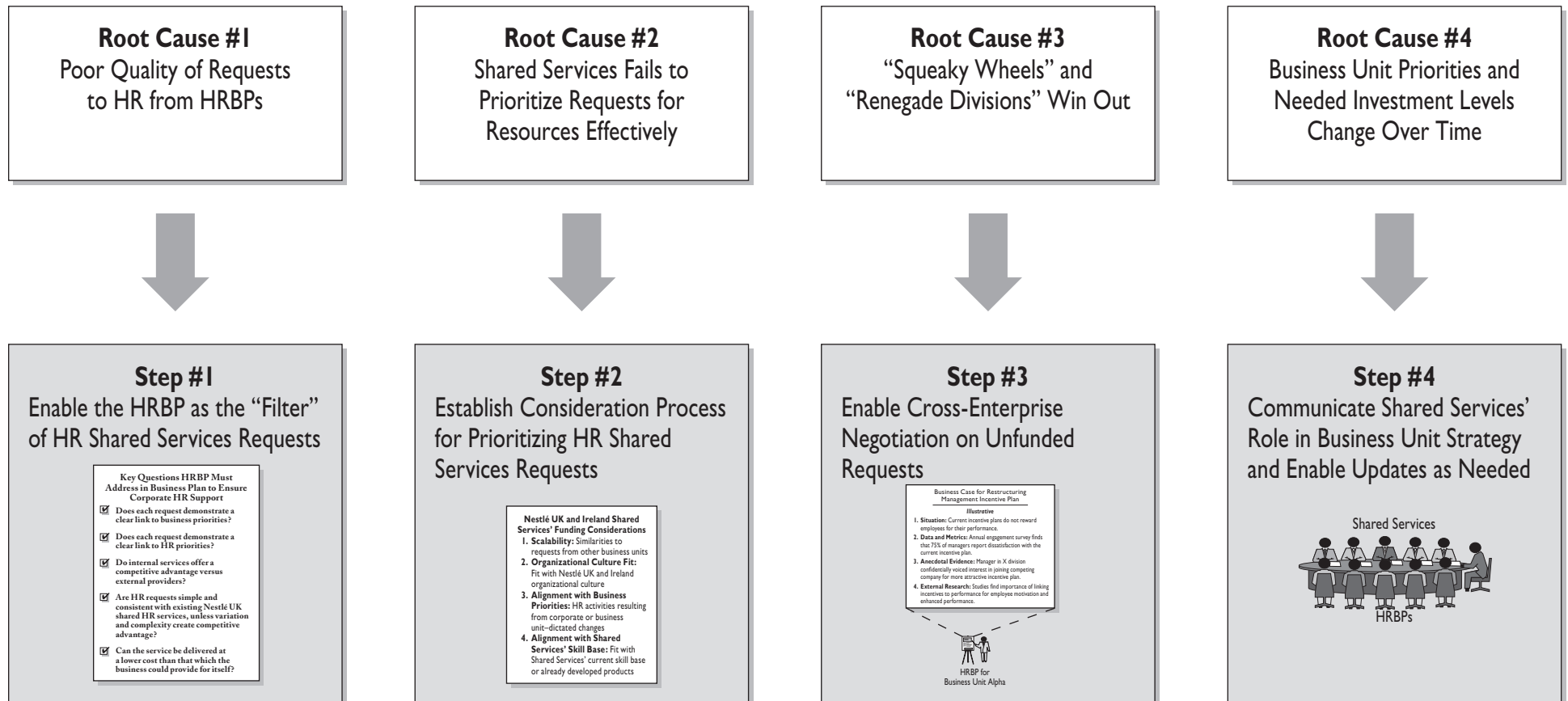
Results

- \$1.7 million saved from investments in low-return HR activities
- Feedback from business leaders on improved quality of HR services

HIGHER RETURNS ON HR INVESTMENTS

Nestlé UK's HR Shared Services resource-allocation process is driven by business unit needs, while simultaneously ensuring execution of enterprise-wide priorities





Nestlé UK Solutions to Root-Cause Problems



Source: Nestlé UK, Ltd.; Corporate Leadership Council research.

BUILDING NEXT-GENERATION HR—LINE PARTNERSHIPS

Optimizing HR Business Partner Role and Capability Investments

HRBP as Line Manager Advisor	BUILDING AND BUYING KEY HRBP COMPETENCIES	DESIGNING THE HR—LINE STRATEGIC PARTNERSHIP	SCALING HR BUSINESS PARTNER IMPACT	HRBP as Business Unit CHRO
<ul style="list-style-type: none"> • “HR Expert” Profile • Outside Consultant • Executes Strategy • Accountable for HR Activities • Deployed to Maximize Efficiency • Uses Central HR Resources 	<ul style="list-style-type: none"> • Build HRBP competencies in business acumen, innovation, leadership, metrics and workforce management to drive impact. • Restructure the HR Employment Value Proposition to address compensation and career opportunity mismatches to attract top talent from outside HR. • Design on-the-job experiences to capitalize on key learning opportunities already within the work of the HRBP. 	<ul style="list-style-type: none"> • Focus the HRBP role on generating insights, managing through influence, and accountability for results. • Target role support resources towards line prioritized HR problems that are most difficult to implement. • Integrate HRBPs into strategy planning and measure them on business-unit level talent and business outcomes, not process metrics or organization-wide results. 	<ul style="list-style-type: none"> • Set HRBP relationship span to optimize the number of senior executives served. • Reduce HRBP relationship span in businesses with widely varying or rapidly changing workforces. • Empower HRBPs to drive center-led HR resource allocation in support of business needs. 	<ul style="list-style-type: none"> • “General Manager” Profile • Equal Partner • Crafts and Implements Strategy • Accountable for Business Results • Deployed to Maximize Strategic Effectiveness • Directs Investment of Central HR Resources
Center-Led HR Strategy	<p><i>Profiled Case</i></p>  <p>HRBP Job-Integrated Development Experiences</p>	<p><i>Profiled Cases</i></p>  <p>HR Business Partner Solution Delivery Toolkits</p>  <p>Strategy-Enabled HRBP—Line Partnerships</p>	<p><i>Profiled Case</i></p>  <p>Business-Aligned HR Service Delivery</p>	HRBP-Led, Center- Enabled HR Strategy

Source: Corporate Leadership Council research.

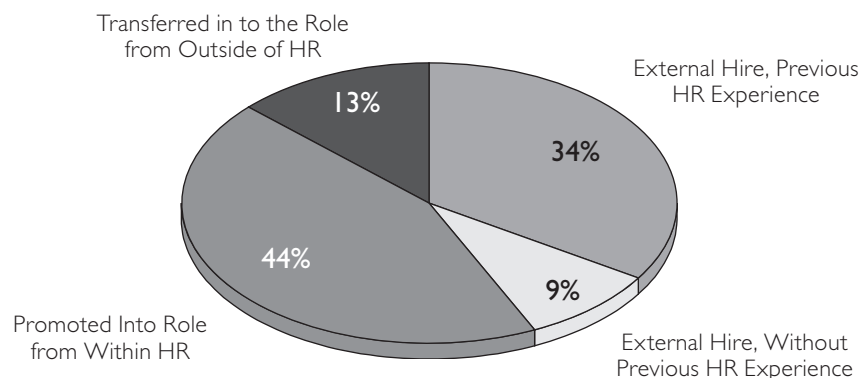


APPENDIX

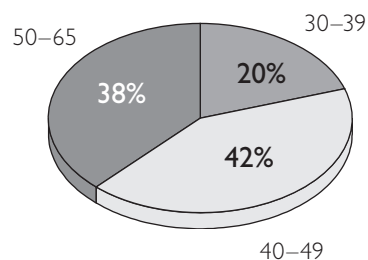
AN EXPERIENCED AND DIVERSE SET OF HR PROFESSIONALS

HIRING SOURCE, AGE, AND GENDER OF SENIOR HR EXECUTIVE SURVEY PARTICIPANTS

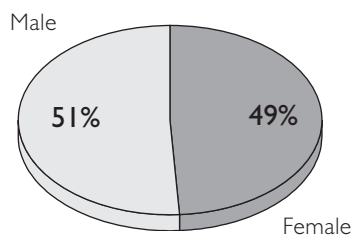
Hiring Source



Age

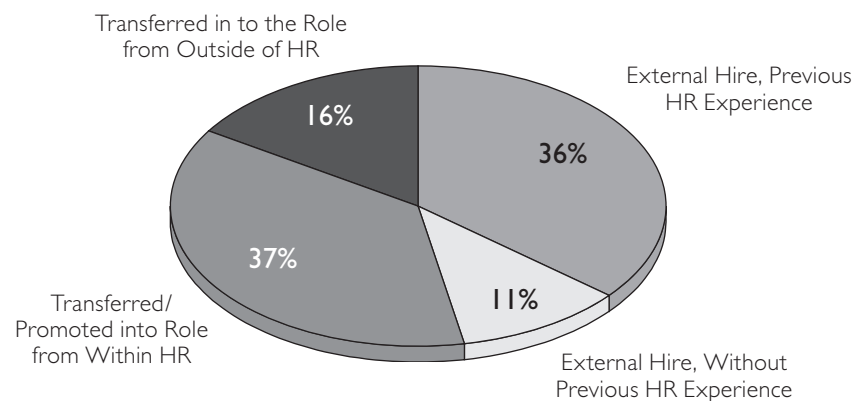


Gender

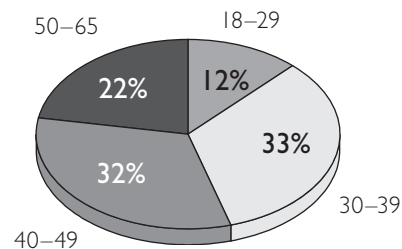


HIRING SOURCE, AGE, AND GENDER OF HR STAFF SURVEY PARTICIPANTS

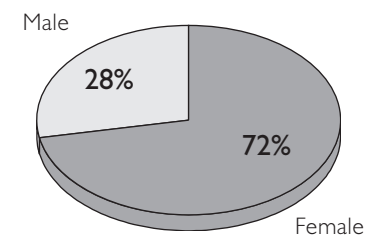
Hiring Source



Age

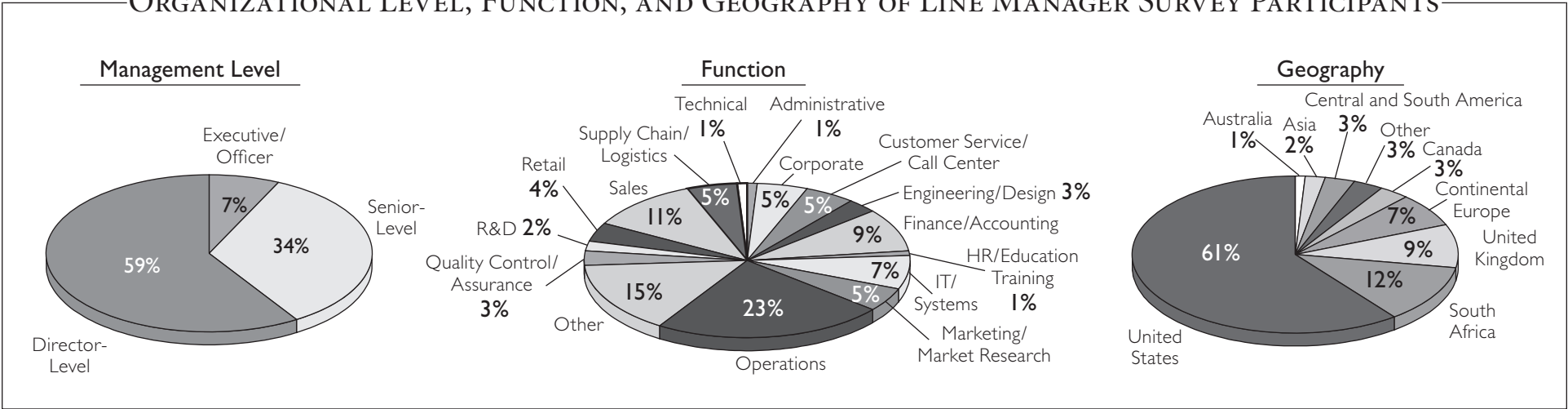


Gender

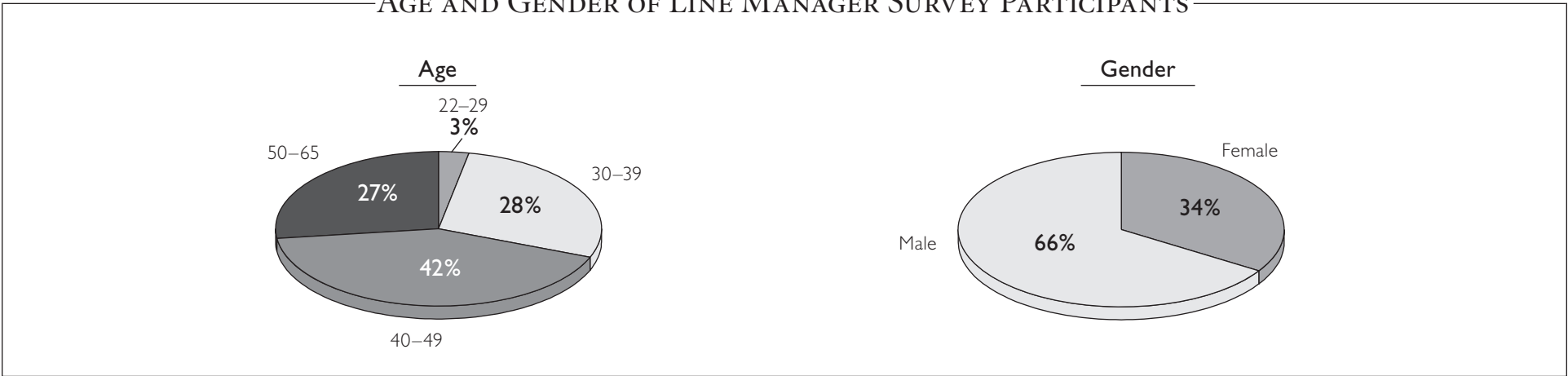


SENIOR LINE MANAGERS FROM EVERY FUNCTION

ORGANIZATIONAL LEVEL, FUNCTION, AND GEOGRAPHY OF LINE MANAGER SURVEY PARTICIPANTS



AGE AND GENDER OF LINE MANAGER SURVEY PARTICIPANTS




























Source: Corporate Leadership Council, HR Effectiveness Survey; Corporate Leadership Council research.

A GUIDE TO HR BUSINESS PARTNER SERVICES IN THE HUMAN RESOURCES PRACTICE

The Human Resources Practice provides HR executives with in-depth research and diagnostic implementation tools in support of improving HRBPs

Sample of Services Across the HR Practice

	CORPORATE LEADERSHIP COUNCIL Services for the Chief Human Resources Officer	BENEFITS ROUNDTABLE Services for the Seniormost Benefits Executive	COMPENSATION ROUNDTABLE Services for the Head of Compensation	LEARNING AND DEVELOPMENT ROUNDTABLE Services for the Head of Learning and Development	RECRUITING ROUNDTABLE Services for the Seniormost Recruiting Executive
Building and Buying Key HRBP Competencies	 <i>Building Next-Generation HR-Line Partnerships</i>  Business Alignment Tool  Training and Development Decision Support Center  Employment Value Proposition Design Center  <i>Attracting and Retaining Critical Talent Segments</i>		 Compensation Strategy and Plan Design Benchmarking  <i>Driving Attraction and Retention Through Compensation—Volume I: Understanding Employee Preferences for Compensation</i>	 <i>Line-Embedded Measurement Champions</i>	 Recruiter Effectiveness Academy  <i>Rethinking Recruiting Roles and Structures</i>  <i>Crafting a New Science of Candidate Outreach</i>
Designing the HR-Line Strategic Partnership	 <i>Building Next-Generation HR-Line Partnerships</i>  Business Alignment Tool  HR Business Partner Portal	 Engaging Line and Local Management in Supporting Wellness	 <i>Engaging Managers in Pay</i>  Manager Pay Partnership Index  Pay for Performance	 Key Components of an Effective Learning Function  <i>Line-Embedded Measurement Champions</i>	 <i>Working with the Line</i>  Hiring Manager Decision Support Center
Scaling HR Business Partner Impact	 <i>Building Next-Generation HR-Line Partnerships</i>  HR Business Partner Portal  HR Management and Strategy Decision Support Center				

FOR MORE INFORMATION

For more granular detail on any of the HR Practice resources or services, please contact your dedicated CLC relationship manager or send an e-mail to clcweb@executiveboard.com.

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CLC Solutions® partners with members to address critical business needs by customizing and applying HR practice research.

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